Innovating antibodies, improving lives

Annual Report 2017

Genmab

Genmab A/S CVR No. 21 02 38 84

Table of Contents

Management's Review

Financial Statements

Management's Review

Genmab At-A-Glance

2 Marketed Products

DARZALEX® marketed in the U.S., Europe, Japan & other countries; Arzerra® marketed in the U.S.

2 Categories of Cancer

Generate products to treat solid tumors & hematological cancers

DKK 63B

2017 year end market cap

DKK 5,423M

2017 year end cash position

4 Proprietary Products in Clinical Development

Tisotumab vedotin, HuMax®-AXL-ADC, HexaBody-DR5/DR5 & DuoBody-CD3xCD20

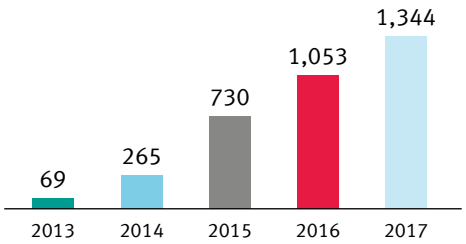
>20 Pre-clinical Projects

Extensive partnered & own pre-clinical pipeline

DKK 2,365M

2017 revenue
30% increase versus 2016

Operating Result MDKK



2 Proprietary Technologies

DuoBody® bispecific platform & HexaBody® technology

28 INDs

Investigational new drug applications filed by Genmab & partners in 18 years

DKK 1,021M

2017 operating expenses
34% increase versus 2016

Our Vision

By 2025, our own product has transformed cancer treatment, and we have a pipeline of **knock-your-socks-off** antibodies

Who are we? We are...

- An international, publicly traded biotechnology company
- Antibody experts with a passion for innovation
- Developing differentiated antibody therapeutics to transform cancer treatment
- Creators of two marketed products – DARZALEX and Arzerra
- Developing a strong clinical & pre-clinical pipeline
- Inventors of the DuoBody and HexaBody technologies
- A partner of choice with multiple strategic collaborations
- Putting plans into place to build commercial capabilities to market our own product in the future
- A team of highly skilled and educated employees
- Determined to make a difference for cancer patients

Focused on Cancer

Millions of people are diagnosed with cancer each year and cancer is the second leading cause of death worldwide. We believe antibody therapies are one of the keys to improving the lives of cancer patients. Our antibodies target two main categories of cancer – solid tumors and hematological cancer.

Solid Tumors
A solid tumor is an abnormal mass of tissue that usually does not contain any liquid or cysts. Solid tumors may be malignant (cancerous) or benign (non-cancerous). Solid tumors can occur in several places in the body including the bones, muscles and organs. Sarcomas and carcinomas are examples of solid tumors.

Hematological Cancer
Hematological cancer, also called blood cancer, begins in the tissues that form blood, such as the bone marrow, or in the cells of the immune system. The three main types of blood cancers are leukemia, lymphoma and myeloma.

Our Three-pronged Strategy

Focus on core competence
- Identify the best disease targets
- Develop unique best-in-class or first-in-class antibodies
- Develop next generation technologies

Turn science into medicine
- Create differentiated antibody therapeutics with significant commercial potential

Build a profitable and successful biotech
- Maintain a flexible and capital efficient model
- Maximize relationships with partners
- Retain ownership of select products

What are Antibodies?

Antibodies are Y-shaped proteins that play a central role in immunity against bacteria and viruses (also known as pathogens). As we develop immunity, our bodies generate antibodies that bind to pathogen structures (known as antigens), which are specific to the pathogen. Once bound, the antibodies attract other parts of the immune system to eliminate the pathogen.

In modern medicine, we have learned how to create and develop specific antibodies against antigens associated with diseased human cells for use in the treatment of diseases such as cancer and autoimmune disease.

Marketed Products

DARZALEX® (daratumumab)

Approved in combination with other therapies in relapsed/refractory multiple myeloma in the U.S., EU and Japan

Approved as a monotherapy for heavily pretreated or double-refractory multiple myeloma in the U.S. and EU

2017 net sales by Janssen of USD 1,242 million – DKK 1,013 million in royalties to Genmab

Arzerra® (ofatumumab)

Approved in certain territories for certain chronic lymphocytic leukemia (CLL) indications

2017 net sales by Novartis of USD 36 million – DKK 48 million in royalties to Genmab

Building a Knock-Your-Socks-Off Pipeline

To meet our 2025 vision Genmab must build a strong pipeline that offers enough possibility for success while also balancing the risk inherent in drug development. It is not enough to simply have a full pipeline however; our antibodies must also have the potential to make a real impact on the lives of cancer patients. We seek to build a knock-your-socks-off (KYSO) pipeline of well-tolerated, differentiated antibodies that are either first-in-class, or offer better efficacy than current treatments and have the potential to become backbone therapies.

Our KYSO clinical pipeline currently includes two antibody-drug conjugates in clinical development for solid tumors – tisotumab vedotin and HuMax-AXL-ADC, as well as two new programs based on our proprietary technologies – HexaBody-DR5/DR5 and DuoBody-CD3xCD20. These four proprietary programs will bring us closer to achieving our 2025 vision.

Please see pages 20-27 of this Annual Report for detailed indication and safety information.

“ The strong enthusiasm, nice teamwork and dedication from my other colleagues working on the clinical trials are what makes working on the tisotumab vedotin project exciting.”

Charlotte Langer, Senior Clinical Trial Manager

Shareholder Letter

Dear Shareholder,

2017 was another successful year for Genmab during which the determined Genmab team continued to work effectively towards our vision of transforming cancer treatment. We saw great progress with DARZALEX, tisotumab vedotin and with our early stage product pipeline, and exceeded our financial goals.

DARZALEX reaches new heights

DARZALEX continued its success in 2017. Three new approvals came during the year – in Europe, the U.S., and Japan. We reported another strong set of clinical data for daratumumab – the ALCYONE study treating newly diagnosed multiple myeloma patients, for which regulatory applications were submitted in the U.S. and Europe in November. And many new studies – including a number of pivotal trials – were started during the year so that there are now over 50 daratumumab studies running.

DARZALEX became a blockbuster drug, reaching over USD 1 billion in sales in 2017. It was the first year where the drug had a broader label both in the EU and the U.S. Our collaboration partner, Janssen Biotech, has done a fabulous job commercializing this ground-breaking medicine, making DARZALEX the best multiple myeloma drug launch in history and one of the top five most successful launches in cancer. Most importantly, that means more patients with multiple myeloma are getting help.

In 2018, we expect to see additional progress for DARZALEX, including potential new label expansions, early clinical data in solid tumors and topline data from the MAIA and CASSIOPEIA Phase III studies treating patients with newly diagnosed multiple myeloma.

Expanded proprietary pipeline

Last year we reported promising cervical cancer data from the Phase I/II study of tisotumab vedotin. Based on the data we are starting a potentially registrational Phase II study for patients with advanced cervical cancer. Excitingly, this study will be conducted together with Seattle Genetics following their decision to opt in to co-develop and co-commercialize tisotumab vedotin with Genmab this past August. We plan to further expand development of tisotumab vedotin with two Phase II studies in cervical cancer this year, as well as a new study in different solid tumors. The HuMax-AXL-ADC Phase I/II study in solid tumors remains ongoing and we expect to start the expansion phase in the study this year.

In 2017, we doubled our proprietary clinical product pipeline with the submission of investigational new drug applications (INDs) for the HexaBody-DR5/DR5 and DuoBody-CD3xCD20 programs. These are innovative antibodies that have the potential to treat different types of solid tumors and hematological cancers. Phase I studies are planned to start this year. These are the first Genmab proprietary antibodies developed with the DuoBody and HexaBody technologies to enter the clinic and we are excited to complete the step from creation to clinical product.

Building a strong Genmab

We are a team of knowledgeable, focused, determined and passionate individuals all working towards the same goal of improving lives for cancer patients. Our growing revenue from DARZALEX royalties allows us to continue to invest in our innovative product pipeline and we are now also building our commercialization and launch capabilities. As we work towards our 2025 vision, we will continue to grow and build the company to add the skills and competencies necessary so we can market our own product in the future.

> “In 2017, we doubled our proprietary clinical product pipeline”

2018 promises to be another energizing year at Genmab during which we will continue to strive to fundamentally transform cancer treatment and create value for patients and shareholders. I would like to take this opportunity to thank all our shareholders for your continued support.

Sincerely yours,

Jan van de Winkel, Ph.D.
President & Chief Executive Officer

2017 Achievements

Business Progress

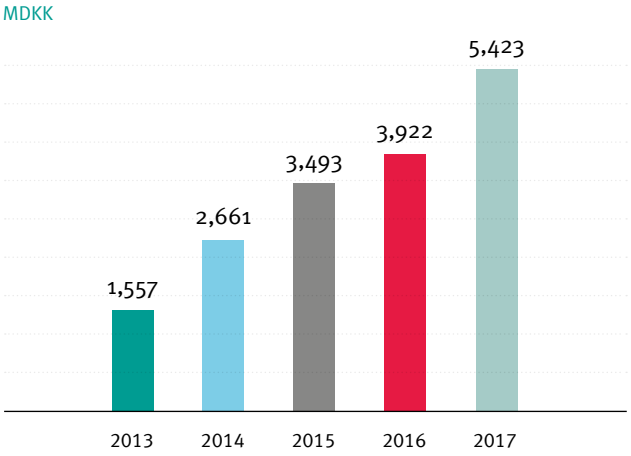
Priority	✓	Targeted Milestone
Maximize Daratumumab Progress	✓	• EMA decision & launch in 2nd line + multiple myeloma (MM) relapsed / refractory setting
	✓	• FDA decision 3rd line MM setting (daratumumab + pomalidomide)
	✓	• Phase III MM interim efficacy analysis in frontline (ALCYONE trial)
	✓	• Start Phase III subcutaneous trial
	✓	• Start trials in solid tumors and non-MM blood cancers
	2018	• Report non-MM clinical data
Optimize Ofatumumab Value	2018*	• Phase III refractory FL headline results
Strengthen Differentiated Product Pipeline	✓	• Phase I/II tisotumab vedotin data
	✓	• Progress HuMax-AXL-ADC Phase I/II clinical trial
	✓	• IND/CTA submission HexaBody-DR5/DR5
	✓	• IND/CTA submission DuoBody-CD3xCD20
	✓	• Progress pre-clinical pipeline
Strengthen Partnership Portfolio With Next Generation Technologies	x	• Enter new technology collaborations
	✓	• Progress partnered programs
Disciplined Financial Management	✓	• Execute controlled company growth with selective investments in product pipeline

* The read out for the Phase III study of ofatumumab in refractory FL is data driven and as the events are occurring at a slower pace than anticipated, the data read out is delayed.

Financial Performance

- Revenue was DKK 2,365 million in 2017 compared to DKK 1,816 million in 2016. The increase of DKK 549 million, or 30%, was mainly driven by higher DARZALEX royalties under our daratumumab collaboration with Janssen.
- Operating expenses increased by DKK 258 million, or 34%, from DKK 763 million in 2016 to DKK 1,021 million in 2017 driven by the advancement of tisotumab vedotin, the additional investment in our product pipeline, and the increase in employees to support the expansion of our pipeline.
- Operating income was DKK 1,344 million in 2017 compared to DKK 1,053 million in 2016. The improvement of DKK 291 million, or 28%, was driven by higher revenue, which was partly offset by increased operating expenses.
- 2017 year end cash position of DKK 5,423 million, an increase of DKK 1,501 million, or 38%, from DKK 3,922 million as of December 31, 2016.

Cash Position



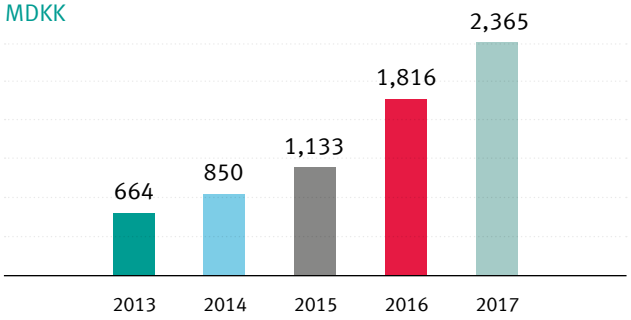
Consolidated Key Figures

	2013	2014	2015	2016	2017
Income Statement	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Revenue	663,570	850,385	1,133,041	1,816,122	2,365,436
Research and development expense	(527,576)	(505,679)	(487,656)	(660,876)	(874,278)
General and administrative expense	(66,741)	(79,529)	(91,224)	(102,413)	(146,987)
Operating expenses	(594,317)	(585,208)	(578,880)	(763,289)	(1,021,265)
Other income	–	–	176,218	–	–
Operating result	69,253	265,177	730,379	1,052,833	1,344,171
Net financial items	(3,851)	32,169	27,148	77,384	(280,451)
Net result for discontinued operation	42,207	–	–	–	–
Net result	112,362	301,296	763,513	1,187,075	1,103,551
Balance Sheet					
Cash position*	1,556,979	2,660,515	3,493,229	3,921,965	5,422,737
Non-current assets	38,544	100,327	234,659	340,597	543,515
Assets	1,731,527	2,866,681	3,902,548	5,238,236	6,602,942
Shareholders' equity	659,523	2,032,939	3,486,720	4,826,696	6,272,192
Share capital	51,756	56,967	59,531	60,350	61,186
Investments in intangible and tangible assets	11,078	75,442	135,389	33,109	88,510
Cash Flow Statement					
Cash flow from operating activities	(127,999)	132,671	311,449	327,719	1,588,972
Cash flow from investing activities	66,953	(1,010,656)	(480,883)	(1,014,539)	(667,574)
Cash flow from financing activities	151,663	1,035,352	643,092	91,188	214,911
Cash, cash equivalents and bank overdraft	168,135	359,087	873,986	307,023	1,347,545
Cash position increase/(decrease)	41,225	1,103,536	832,714	428,736	1,500,772
Financial Ratios					
Basic net result per share	2.20	5.35	13.05	19.83	18.14
Diluted net result per share	2.16	5.26	12.56	19.22	17.77
Year-end share market price	212.00	360.30	917.50	1,173.00	1,029.00
Price / book value	16.64	10.09	15.67	14.67	10.04
Shareholders' equity per share	12.74	35.69	58.57	79.98	102.51
Equity ratio	38%	71%	89%	92%	95%
Average number of employees (FTE)**	164	168	180	196	235
Number of employees (FTE) at year-end	157	173	186	205	257

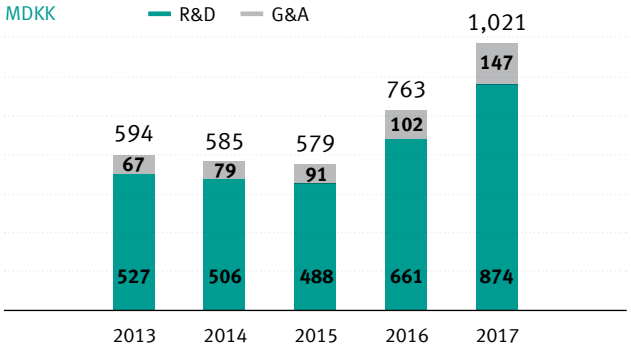
* Cash, cash equivalents, bank overdraft and marketable securities ** Full-time equivalent

The key figures and financial ratios have been prepared on a consolidated basis. The financial ratios have been calculated in accordance with the recommendations of the Association of Danish Financial Analysts (2015) and key figures in accordance with IFRS.

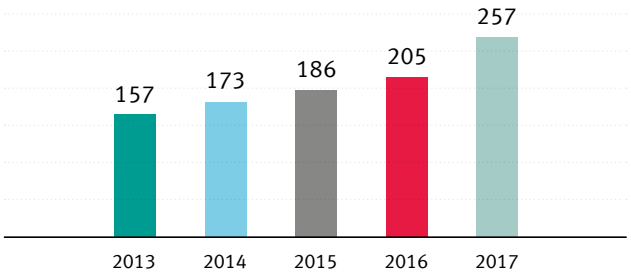
Revenue



Operating Expenses



FTE at Year End



2018 Outlook

MDKK	2018 Guidance	2017 Actual Result
Revenue	2,700 – 3,100	2,365
Operating expenses	(1,400) – (1,600)	(1,021)
Operating income	1,300 – 1,500	1,344

Revenue

We expect our 2018 revenue to be in the range of DKK 2,700 – 3,100 million, compared to DKK 2,365 million in 2017. Our projected revenue for 2018 consists primarily of DARZALEX royalties of approximately DKK 1,750 million that are based on an estimated USD 2.0 – 2.3 billion of DARZALEX net sales in 2018. We project DARZALEX milestones of approximately DKK 550 million in 2018, consisting primarily of a commercial net sales-based milestone, compared to DKK 1,109 million in 2017. In addition, the 2018 guidance includes the one-time payment from Novartis of approximately DKK 300 million related to the transition of Arzerra from commercial availability to compassionate use programs in non-US markets. The remainder of the revenue consists of cost reimbursement income, Arzerra royalties, and DuoBody milestones.

The overall increase in revenue compared to 2017 is primarily due to a one-time payment from Novartis combined with higher DARZALEX royalties which were partly offset by a decrease in DARZALEX milestones.

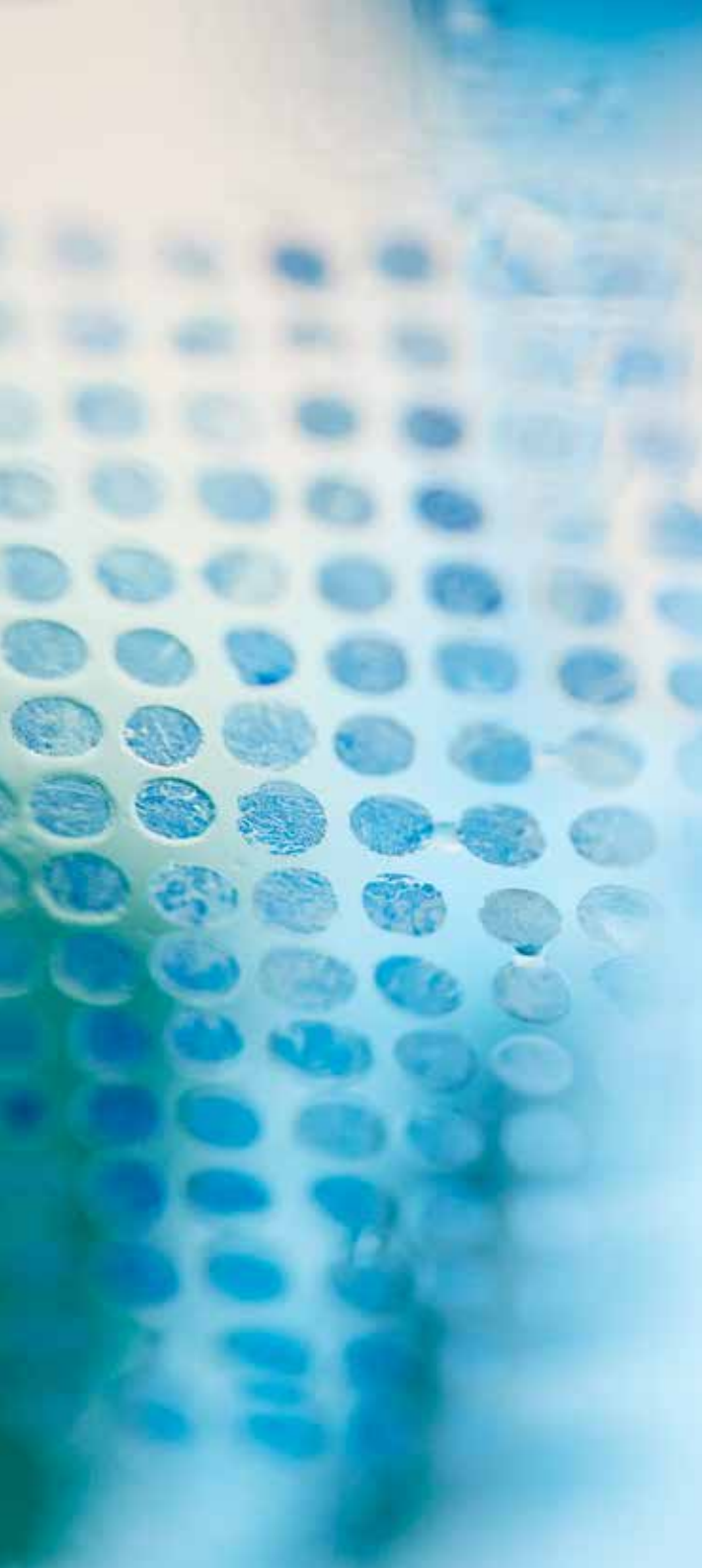
Operating Result

We anticipate that our 2018 operating expenses will be in the range of DKK 1,400 – 1,600 million, compared to 2017 operating expenses of DKK 1,021 million. The increase is driven by the advancement of tisotumab vedotin, HuMax-AXL-ADC, HexaBody-DR5/DR5, DuoBody-CD3xCD20, and an increase in employees to support the expansion of our product pipeline.

We expect the operating income for 2018 to be approximately DKK 1,300 – 1,500 million compared to DKK 1,344 million reported for 2017.

Outlook: Risks and Assumptions

In addition to factors already mentioned, the estimates above are subject to change due to numerous reasons, including but not limited to the achievement of certain milestones associated with our collaboration agreements; the timing and variation of development activities (including activities carried out by our collaboration partners) and related income and costs; DARZALEX and Arzerra sales and corresponding royalties to Genmab; and currency exchange rates (the 2018 guidance assumes a USD/DKK exchange rate of 6.0). The financial guidance assumes that no significant agreements are entered into during 2018 that could materially affect the results.



2018 Objectives

Our goals for 2018 are aligned with our three-pronged strategy and will help propel Genmab towards our 2025 vision.

2018 Goals

Priority	Targeted Milestone
Maximize Daratumumab Progress	• FDA and EMA decision on Phase III ALCYONE multiple myeloma (MM) submission • Start new Phase III MM study • Report early clinical data in solid tumors • Phase III MAIA MM efficacy analysis in frontline • Phase III CASSIOPEIA MM efficacy analysis in frontline
Optimize Ofatumumab Value	• Complete recruitment Phase III subcutaneous ofatumumab relapsing MS studies
Maximize Tisotumab Vedotin Progress	• Start two Phase II studies in cervical cancer (recurrent / metastatic & combination study in frontline) • Start Phase II study in additional solid tumor indications
Strengthen Differentiated Product Pipeline and Technology Partnership Portfolio	• Start HuMax-AXL-ADC expansion phase in ongoing Phase I/II study • Progress HexaBody-DR5/DR5 Phase I/II study • Progress DuoBody-CD3xCD20 Phase I/II study • Accelerate proprietary Immuno-Oncology DuoBody programs towards clinic • Enter new technology or product collaborations
Disciplined Financial Management and Building a Commercial Footprint	• Execute controlled company growth with selective investments in product & technology pipeline • Continue investing in building commercialization and launch capabilities

Research and Development Capabilities

At Genmab we understand how antibodies work. We are deeply knowledgeable about antibody biology and function and our scientists exploit this expertise to create and develop differentiated antibody therapeutics. We employ a sophisticated and mostly automated process to efficiently generate, select, produce and evaluate human antibody therapeutics. Our research and development teams have established a streamlined process to coordinate the activities of product discovery, pre-clinical testing, manufacturing, clinical trial design and execution, and regulatory submissions across Genmab's international operations. Our highly skilled and experienced employees work closely together to ensure that our pipeline is built of antibody products that are scientifically, clinically and commercially substantiated.

Antibody Discovery & Development Process

1

Identification and purification of antibodies that bind to disease target, and determination of best format

2

Analysis of the biochemical properties of the antibodies

3

Explore efficacy and mechanism of action in laboratory tests (in vitro)

4

Screen for efficacy in animal models (in vivo)

5

Test antibody binding to human and animal tissue and conduct pre-clinical toxicity experiments

---

Clinical Development Process

1

Production of antibody for clinical development

2

Design protocol for first-in-human clinical study in consultation with key opinion leaders

3

Submission of protocol to regulatory authorities to begin testing in humans

4

Phase I/II development to explore safety

5

Phase II/III development to explore efficacy

6

Analyze results of Phase II/III trials and apply for marketing approval with regulatory authorities

“ I am convinced that HuMax-AXL-ADC is specifically targeting cancer that is resistant to and very difficult to treat with currently established cancer treatments. If we are able to identify the patients benefiting from HuMax-AXL-ADC it could become a revolutionary new cancer medicine.”

Ulf Forssmann, MD, Assoc. Prof., Vice President Medical

Products and Technologies

Product Pipeline

DARZALEX (daratumumab)
Arzerra (ofatumumab)
Tisotumab vedotin
HuMax-AXL-ADC
HexaBody-DR5/DR5
DuoBody-CD3xCD20
Pre-clinical Programs

Partner Programs Built on Genmab's Innovation

Teprotumumab
AMG 714
ADCT-301
JNJ-61186372
JNJ-63709178
JNJ-64007957

Antibody Technology

Antibody Technologies
DuoBody Platform
HexaBody Technology

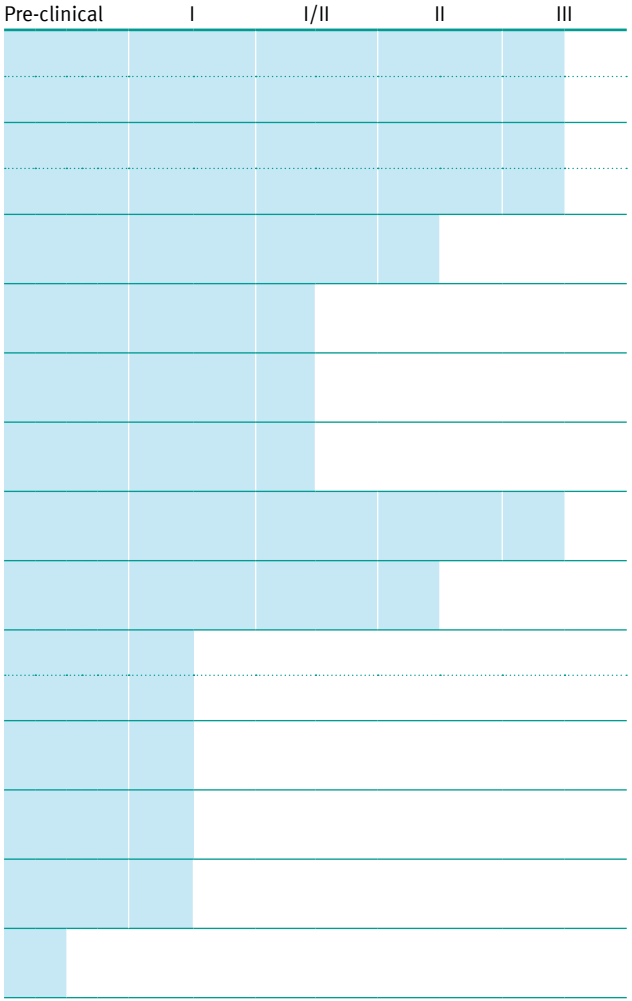
Product Pipeline

Our own and partnered product pipeline consists of twelve antibodies in clinical development, including two marketed products, and over 20 in-house and partnered pre-clinical programs. An overview of the development status of each of our products is provided in the following sections.

Detailed descriptions of dosing, efficacy and safety data from certain clinical trials have been disclosed in company announcements and media releases published via the Nasdaq Copenhagen stock exchange. Additional information is available on Genmab's website, www.genmab.com.

Products in Development

Product	Disease Indications	Development Phase
Daratumumab BTD (2 - MM) Target: CD38, Partner: Janssen	Multiple myeloma (MM)	
	Non-MM & solid tumor indications	
Ofatumumab BTD (CLL) Target: CD20, Partner: Novartis	Follicular lymphoma (FL) (IV)	
	Relapsing multiple sclerosis (RMS) (SubQ)	
Tisotumab vedotin Target: TF, Partner: Seattle Genetics	Solid tumors	
HuMax-AXL-ADC Target: AXL	Solid tumors	
HexaBody-DR5/DR5 Target: DR5	Solid tumors	
DuoBody-CD3xCD20 Targets: CD3, CD20	Hematological malignancies	
Teprotumumab (RV001) BTD Target: IGF-1R, Partner: Horizon Pharma	Graves' orbitopathy	
AMG 714 Target: IL-15, Partner: Amgen	Celiac disease	
ADCT-301 Target: CD25, Partner: ADCT	Lymphoma	
	Acute myeloid leukemia (AML) or acute lymphoblastic leukemia (ALL)	
JNJ-61186372 Targets: EGFR, cMET, Partner: Janssen	Non-small-cell lung cancer (NSCLC)	
JNJ-63709178 Targets: CD3, CD123, Partner: Janssen	Acute myeloid leukemia (AML)	
JNJ-64007957 Targets: CD3, BCMA, Partner: Janssen	Relapsed or refractory MM	
› 20 Active Pre-clinical programs incl. DuoBody-CD40x4-1BB	Proprietary & partnered programs: HuMab, HuMab-ADC, DuoBody, DuoBody-ADC & HexaBody	



BTD = Breakthrough Therapy Designation

DARZALEX (daratumumab) First CD38 Antibody Approved Anywhere in the World

At-A-Glance

- **First-in-class CD38 antibody in development to treat cancer**
- **Approved in combination with other therapies in relapsed/ refractory multiple myeloma in U.S., EU and Japan; and as monotherapy for heavily pretreated or double-refractory multiple myeloma in U.S. and EU**
- **Multiple Phase III studies ongoing or announced in multiple myeloma and amyloidosis**
- **Early stage studies ongoing in solid tumors and other indications**
- **Subcutaneous formulation in development**
- **Collaboration with Janssen**
- **2017 net sales of DARZALEX by Janssen were USD 1,242 million**

DARZALEX (daratumumab) is a human IgG1k mAb that binds with high affinity to the CD38 molecule, which is highly expressed on the surface of multiple myeloma cells. It induces rapid tumor cell death through multiple diverse mechanisms of action. It is marketed and developed under a collaboration agreement with Janssen Biotech, Inc. (see Daratumumab Collaboration with Janssen Biotech, Inc. section for more information). DARZALEX is approved in certain territories for certain multiple myeloma indications as described below.

DARZALEX (daratumumab) injection for intravenous infusion is approved in the U.S. in combination with lenalidomide and dexamethasone, or bortezomib and dexamethasone, for the treatment of patients with multiple myeloma who have received at least one prior therapy; in combination with pomalidomide and dexamethasone for the treatment of patients with multiple myeloma who have received at least two prior therapies, including lenalidomide and a proteasome inhibitor (PI); and as a monotherapy for the treatment of patients with multiple myeloma who have received at least three prior lines of therapy, including a PI and an immunomodulatory agent, or who are double-refractory to a PI and an immunomodulatory agent. In the EU, DARZALEX is approved for use in combination with lenalidomide and dexamethasone, or bortezomib and dexamethasone, for the treatment of adult patients with multiple myeloma who have received at least one prior therapy, and as a monotherapy for the treatment of adult patients with relapsed and refractory multiple myeloma, whose prior therapy included a PI and an immunomodulatory agent and who have demonstrated disease progression on the last therapy. In Japan, DARZALEX is approved in relapsed or refractory multiple myeloma based on Phase III studies evaluating daratumumab in combination with lenalidomide and dexamethasone or bortezomib and dexamethasone.

A comprehensive clinical development program for daratumumab is ongoing, including multiple Phase III studies in

relapsed, frontline, and smoldering multiple myeloma settings and in amyloidosis. A subcutaneous formulation of daratumumab is being investigated for multiple myeloma and amyloidosis as well. Additional studies are ongoing or planned to assess the potential of daratumumab in other malignant and pre-malignant diseases on which CD38 is expressed, such as NKT-cell lymphoma, myelodysplastic syndromes and various solid tumors.

SAFETY INFORMATION FOR DARZALEX

The warnings and precautions for DARZALEX include infusion reactions, interference with serological testing and interference with determination of complete response. The most frequently reported adverse reactions (incidence ≥20%) in clinical trials were: infusion reactions, neutropenia, thrombocytopenia, fatigue, nausea, diarrhea, constipation, vomiting, muscle spasms, arthralgia, back pain, pyrexia, chills, dizziness, insomnia, cough, dyspnea, peripheral edema, peripheral sensory neuropathy and upper respiratory tract infection.

Please consult the full U.S. Prescribing Information and the full European Summary of Product Characteristics for all the labeled safety information for DARZALEX.

FOURTH QUARTER UPDATE

November

A USD 20 million milestone payment from Janssen to Genmab was triggered by progress in the first Phase III study of daratumumab in a disease other than multiple myeloma. The milestone relates to progress in the ongoing Phase III ANDROMEDA (AMY3001) study of subcutaneous daratumumab in combination with cyclophosphamide, bortezomib and dexamethasone in amyloidosis.

A supplemental Biologics License Application (sBLA) was submitted to the U.S. Food and Drug Administration (FDA) for the use of daratumumab in combination with bortezomib, melphalan and prednisone for the treatment of patients with newly diagnosed multiple myeloma who are ineligible for autologous stem cell transplant (ASCT). The submission was based on data from the Phase III ALCYONE study.

An application was submitted to the European Medicines Agency (EMA) to broaden the existing marketing authorization for daratumumab to include use in combination with bortezomib, melphalan and prednisone, for the treatment of adult patients with newly diagnosed multiple myeloma who are ineligible for ASCT. The submission was based on the data from the Phase III ALCYONE study. Genmab achieved a milestone of USD 3 million from Janssen in connection with the submission.

Genmab achieved a USD 50 million sales volume milestone in its collaboration with Janssen, triggered by sales of DARZALEX reaching USD 1 billion in 2017.

Genmab achieved milestone payments totaling USD 25 million under the Janssen collaboration in connection with the first commercial sale of DARZALEX in Japan.

Q4

A number of new clinical studies with daratumumab were published on www.clinicaltrials.gov including a Phase I study in combination with JNJ-63723283 (a PD-1 inhibitor) in relapsed or refractory multiple myeloma and a Phase I study of the safety and pharmacokinetics of daratumumab in healthy volunteers.

UPDATES FROM FIRST QUARTER TO THIRD QUARTER

September

DARZALEX was approved in combination with lenalidomide and dexamethasone or bortezomib and dexamethasone for relapsed or refractory multiple myeloma in Japan.

Daratumumab was granted Orphan Drug Status from the U.S. FDA in amyloidosis.

August

The Phase III ALCYONE study of daratumumab in combination with bortezomib, melphalan and prednisone (VMP) in front line multiple myeloma met the primary endpoint of improving progression free survival (PFS) at a pre-planned interim analysis (Hazard Ratio (HR) = 0.50 (95% CI 0.38-0.65), $p < 0.0001$). Treatment with daratumumab reduced the risk of disease progression or death by 50%, as compared to those who did not receive daratumumab. The median PFS for patients treated with daratumumab in combination with VMP has not been reached, compared to an estimated median PFS of 18.1 months for patients who received VMP alone. Overall the safety profile of daratumumab in combination with VMP was consistent with the known safety profiles of the VMP regimen and daratumumab. An Independent Data Monitoring Committee (IDMC) recommended unblinding the data.

An Investigational New Drug application (IND) was submitted to the U.S. FDA for the use of daratumumab in rheumatoid arthritis (RA).

Q3

A number of new daratumumab studies were published on www.clinicaltrials.gov including a Phase I study of the subcutaneous formulation of daratumumab in multiple myeloma in Japan and a Phase III study of daratumumab in combination with bortezomib and dexamethasone in relapsed/refractory multiple myeloma in China.

June

The U.S. FDA approved the use of DARZALEX in combination with pomalidomide and dexamethasone for the treatment of patients with multiple myeloma who have received at least two prior therapies including lenalidomide and a PI. Genmab

Multiple Myeloma

No cure
A blood cancer that occurs when malignant plasma cells grow uncontrollably in bone marrow and for which there is no cure at present

49.6%
5-year survival rate of 49.6% in the U.S.[1]

30,280
In 2017, it was expected that approximately 30,280 people would be newly diagnosed with multiple myeloma and approximately 12,590 people would die from the disease in the U.S.[2]

124,225
In 2015, it was expected that approximately 124,225 people worldwide would be diagnosed with multiple myeloma and 87,084 would die from the disease[3]

12.8B
Global multiple myeloma market expected to increase from USD 12.8 billion in 2016 to USD 22.4 billion by 2023[4]

Amyloidosis

AL
Light chain amyloidosis, a very rare disease caused by the build up of an abnormal protein called amyloid in the tissues or organs

12-15%
Approximately 12-15% of multiple myeloma patients will develop AL amyloidosis[5]

4,000
It is estimated that around 4,000 people in the U.S. develop AL amyloidosis each year[5]

6,900
It is estimated that 6,900 people in the U.S. and 5 major EU markets are diagnosed with AL amyloidosis annually [6,7,8,9]

Orphan disease
The market for AL is limited as it is a rare orphan disease

Sources: [1] Surveillance, Epidemiology and End Results Program (SEER). SEER Stat Fact Sheets: Myeloma. Available at http://seer.cancer.gov/statfacts/html/mulmy.html. Accessed December 2017. [2] American Cancer Society. Cancer Statistics Center. https://cancerstatisticscenter.cancer.org/module/BmVYeqHT. Accessed December 2017. [3] GLOBOCAN 2012: Estimated Cancer Incidence, Mortality and Prevalence Worldwide: Number of New Cancers in 2015. Available at: http://globocan.iarc.fr/old/burden.asp?selection_pop=224900&Text-p=World&selection_cancer=17270&Text-c=Multiple+myeloma&pYear=3&type=0&window=1&submit=%C2%A0 Execute. Accessed December 2017. [4] GlobalData. PharmaPoint: Multiple Myeloma - Global Drug Forecast and Market Analysis to 2023. Published November 2015. [5] Cancer.Net Guide to Amyloidosis. https://www.cancer.net/cancer-types/amyloidosis/statistics. Accessed December 2017. [6] RA Kyle, Blood 1992 [7] UK National Amyloidosis Center. http://www.amyloidosis.org.uk [8] SEER US cancer statistics [9] Putnam Primary Research (June 2017)

achieved milestone payments totaling USD 25 million from Janssen in connection with the approval and first commercial sale of DARZALEX under the expanded label.

May

Janssen announced plans to start new studies of daratumumab in multiple myeloma and amyloidosis: a Phase III study in smoldering multiple myeloma; a Phase III study comparing the subcutaneous and intravenous administration of daratumumab in relapsed and refractory multiple myeloma; a Phase III study of subcutaneous daratumumab in combination with bortezomib, cyclophosphamide and dexamethasone for amyloidosis; a Phase III study combining daratumumab with bortezomib, lenalidomide and dexamethasone in frontline multiple myeloma; and a Phase II study of subcutaneous daratumumab in combination with standard of care regimens for frontline and relapsed multiple myeloma. The Phase III studies with subcutaneous daratumumab in amyloidosis and relapsed and refractory multiple myeloma and the Phase III study in smoldering multiple myeloma have been published on www.clinicaltrials.gov. Details on the other studies are expected to be posted on www.clinicaltrials.gov in the first quarter of 2018.

April

In collaboration with the European Myeloma Network (EMN) and Stichting Hemato-Oncologie voor Volwassenen Nederland (HOVON), Janssen announced plans to start a Phase III study (MMY3013, APOLLO) comparing daratumumab in combination with pomalidomide and dexamethasone versus pomalidomide and dexamethasone in patients who have previously been treated with an immunomodulatory drug and a PI. The study is open for patient recruitment.

The European Commission granted a marketing authorization for DARZALEX in combination with lenalidomide and dexamethasone, or bortezomib and dexamethasone, for the treatment of adult patients with multiple myeloma who have

received at least one prior therapy. The approval converted the previous conditional marketing authorization for DARZALEX to a full approval. Genmab achieved milestone payments totaling USD 48 million from Janssen in connection with the first commercial sales of DARZALEX under the expanded label.

A Phase I/II study investigating selinexor in combination with daratumumab and other backbone treatments for multiple myeloma and a Phase I/II study of daratumumab in combination with nivolumab in solid tumors was published via www.clinicaltrials.gov. A number of investigator sponsored studies have also been announced, see www.clinicaltrials.gov for full list of daratumumab trials.

March

Janssen decided not to initiate stage 2 of the Phase II study (CARINA, LYM2001) of daratumumab in three types of relapsed or refractory non-Hodgkin's lymphoma (NHL). A data review showed that two cohorts of the study, in follicular lymphoma and diffuse large B-cell lymphoma, did not reach the predefined futility thresholds of overall response rates (ORR) of 50% and 30%, respectively. In the third cohort of the study, in mantle cell lymphoma, ORR was not evaluable due to slow recruitment. This decision has no impact on other ongoing or planned studies with daratumumab.

February

The Committee for Medicinal Products for Human Use (CHMP) of the EMA issued a positive opinion recommending broadening the existing marketing authorization for DARZALEX in the EU. The recommendation was for the use of DARZALEX in combination with lenalidomide and dexamethasone, or bortezomib and dexamethasone, for the treatment of adult patients with multiple myeloma who have received at least one prior therapy.

Q1

Several new studies of daratumumab were published on www.clinicaltrials.gov including: a Phase II study in combination with nivolumab for colon cancer; a Phase I/II study in combination with atezolizumab in previously treated advanced or metastatic NSCLC; a Phase I/II study in combination with nivolumab for virus associated tumors; a Phase II study comparing daratumumab with talacotuzumab in myelodysplastic syndromes and a Phase I/II study in combination with nivolumab for advanced or metastatic solid tumors.

Daratumumab Collaboration with Janssen Biotech, Inc. (Janssen)

In 2012, Genmab and Janssen Biotech, Inc., one of the Janssen Pharmaceutical Companies of Johnson & Johnson, entered a global license and development agreement for daratumumab. Genmab received an upfront license fee of USD 55 million and Johnson & Johnson Development Corporation (JJDC) invested USD 80 million to subscribe for 5.4 million new Genmab shares. Genmab could also be entitled to up to USD 1 billion in development, regulatory and sales milestones, in addition to tiered double digit royalties between 12% and 20%. The 20% royalty tier will be payable on net sales above USD 3 billion in a calendar year. Janssen is fully responsible for developing and commercializing daratumumab and all costs associated therewith. During the third quarter of 2017, the royalty rate on net sales of DARZALEX moved into the next royalty tier, which is 13% on net sales exceeding USD 750 million in a calendar year.

Daratumumab Development – Covering All Stages of Multiple Myeloma

High Risk Smoldering

- Phase III subcutaneous (SC) (AQUILA)
- Phase II Monotherapy (CENTAURUS)

Frontline

- Phase III daratumumab + Velcade®, melphalan & prednisone (D+VMP) (ALCYONE)
- Phase III D+VMP (Asia Pacific)
- Phase III daratumumab + Revlimid® & dexamethasone (D+Rd) (MAIA)
- Phase III daratumumab + Velcade, thalidomide & dexamethasone (D+VTd) (CASSIOPEIA)
- Phase II daratumumab + Revlimid, Velcade & dexamethasone (D+RVd) (GRIFFIN)
- Phase I Multi-combo (EQUULEUS)

Relapsed or Refractory

- Phase III daratumumab + Velcade & dexamethasone (D+Vd) (China)
- Phase III daratumumab + Kyprolis® & dexamethasone (D+Kd) (CANDOR)
- Phase III daratumumab (SC) + Pomalyst® & dexamethasone (D+Pd) (APOLLO)
- Phase III SC vs IV (COLUMBA)
- Phase II daratumumab + Imfinzi® (FUSION)
- Phase I daratumumab + Tecentriq®
- Phase I daratumumab + Opdivo®
- Phase I SC (PAVO)
- Phase I daratumumab + JNJ-63723283

Arzerra (Ofatumumab) Our First Marketed Product

At-A-Glance

- **Human CD20 monoclonal antibody in development to treat cancer & autoimmune disease**
- **Arzerra approved in certain territories for certain CLL indications**
- **Two Phase III studies with low dose subcutaneous ofatumumab in relapsing multiple sclerosis ongoing**
- **Collaboration with Novartis**
- **2017 net sales of Arzerra by Novartis were USD 36 million**

Arzerra (ofatumumab) is a human IgG1k mAb that targets an epitope on the CD20 molecule encompassing parts of the small and large extracellular loops. It is marketed and developed by Novartis under a license agreement with Novartis Pharma AG (see Ofatumumab Collaboration with Novartis Pharma AG section for more information).

In the U.S., Arzerra is approved for use in combination with chlorambucil for the treatment of previously untreated patients with CLL for whom fludarabine-based therapy is considered inappropriate, for use in combination with fludarabine and cyclophosphamide (FC) for the treatment of patients with relapsed CLL, and for extended treatment of patients who are in complete or partial response after at least two lines of therapy for recurrent or progressive CLL. In the EU, Arzerra is approved for use in combination with chlorambucil or bendamustine for the treatment of patients with CLL who have not received prior therapy and who are not eligible for fludarabine-based therapy and in combination with fludarabine and cyclophosphamide for adult patients with relapsed CLL. In more than 60 countries worldwide, including the U.S. and EU member countries, Arzerra is also indicated as monotherapy for the treatment of patients with CLL who are refractory after prior treatment with fludarabine and alemtuzumab. On January 22, 2018 it was announced that Novartis intends to transition Arzerra from commercial availability to limited availability via compassionate use programs in non-U.S. markets.

A subcutaneous formulation of ofatumumab is also being investigated in two Phase III clinical studies in relapsing multiple sclerosis. The studies compare the efficacy and safety of subcutaneous ofatumumab versus teriflunomide in patients with relapsing MS and are comprised of approximately 900 patients each.

SAFETY INFORMATION FOR ARZERRA

The overall safety profile of Arzerra in CLL is based on exposure in clinical trials and the post-marketing setting. The most common side effects for Arzerra include adverse events associated with infusion reactions, cytopenias (neutropenia,

Multiple Sclerosis

MS
A chronic disorder of the central nervous system that disrupts the normal functioning of the brain, optic nerves and spinal cord through inflammation and tissue loss

85%
Relapsing remitting multiple sclerosis (RRMS) is characterized by unpredictable recurrent attacks and accounts for 85% of MS cases[1]

2.5M
Affects approximately 2.5 million people worldwide[2]

37,718
Estimated number of new cases of MS in 2016 in the U.S. and 5 major EU markets[2]

16.8B
MS market in the U.S. and 5 major EU markets was estimated at USD 16.8 billion in 2016 and USD 20.3 billion in 2023[3]

Sources: [1] Datamonitor. Multiple Sclerosis Treatment. Published August 2016. [2] GlobalData. EpiCast Report: Multiple Sclerosis - Epidemiology Forecast to 2024. Published September 2015. [3] Datamonitor. Multiple Sclerosis Forecast. Published January 2016.

Chronic Lymphocytic Leukemia

CLL
A cancer in which the bone marrow produces too many white blood cells called lymphocytes

Common
Most common form of leukemia in the western world[4]

64-85%
Relatively good prognosis with a 5-year survival rate of 64% to 85% in the U.S., Canada and 5 major EU markets[4]

37,857
Approximately 37,857 new cases of CLL forecast in the U.S. and 5 major EU markets in 2015, increasing to 46,110 new cases in 2025[4]

3.0B
In 2016, branded sales for CLL in the U.S. and 5 EU were forecast to reach USD 3.0 billion, with anticipated growth to USD 3.6 billion in CLL by 2018[5]

Sources: [4] GlobalData. EpiCast Report: Chronic Lymphocytic Leukemia Epidemiology Forecast to 2025. Published November 2017. [5] GlobalData. OpportunityAnalyzer: Chronic Lymphocytic Leukemia - Opportunity Analysis and Forecasts to 2018. Published August 2014.

Follicular Lymphoma

FL
A slow growing cancer of the B-cells

20%
Accounts for approximately 20% of all NHL and 70% of all indolent NHL[6]

62%
Median survival ranges from 8 to 15 years, with a 62% 10-year relative survival rate[6]

29,126
Estimated number of new cases of FL in 2016 in the U.S. and 5 major EU markets, increasing to 33,756 in 2024[7]

2.6B
In 2016 branded sales for indolent NHL, including FL and marginal zone lymphoma, were approximately USD 2.6 billion in the U.S. and 5 major EU markets, and anticipated to be USD 2.5 billion in 2024[6]

Sources: [6] GlobalData. Non-Hodgkin's B-Cell Lymphoma: Opportunity Analysis and Forecast to 2024. Published January 2016. [7] GlobalData. EpiCast Report: Non-Hodgkin's Lymphoma - Epidemiology Forecast to 2024. Published January 2016.

anemia, thrombocytopenia), and infections (lower respiratory tract infection, including pneumonia, upper respiratory tract infection, sepsis, including neutropenic sepsis and septic shock, herpes viral infection, urinary tract infection).

Please consult the full European Summary of Product Characteristics and full U.S. Prescribing information, including Boxed Warning, for all the labeled safety information for Arzerra.

SUBSEQUENT EVENT

January: Novartis intents to transition the commercial availability of Arzerra to limited availability via compassionate use programs for the treatment of CLL in non-U.S. markets, but will continue to market for CLL in the U.S. Novartis will work with regulatory authorities to establish compassionate use programs so that patients benefitting from Arzerra can remain on treatment. Genmab will receive USD 50 million from Novartis as payment for lost potential milestones and royalties.

Ofatumumab Collaboration with Novartis Pharma AG (Novartis)

Genmab and GlaxoSmithKline (GSK) entered a co-development and collaboration agreement for ofatumumab in 2006. The full rights to ofatumumab were transferred from GSK to Novartis in 2015. Novartis is now responsible for the development and commercialization of ofatumumab in all potential indications, including cancer and autoimmune diseases. Genmab may be entitled to certain potential regulatory and sales milestones, in addition to double digit royalties. Novartis is fully responsible for all costs associated with developing and commercializing ofatumumab.

Tisotumab vedotin
A Next Generation Therapeutic

At-A-Glance

- **Antibody-drug conjugate (ADC, antibody coupled to a cell-killing agent) in development to treat solid tumors**
- **Phase II study in cervical cancer announced; two Phase I/II clinical studies in solid tumors ongoing**
- **License and collaboration agreement with Seattle Genetics**

Tisotumab vedotin is an ADC targeted to tissue factor (TF), a protein involved in tumor signaling and angiogenesis. Based on its high expression on many solid tumors and its rapid internalization, TF is a suitable target for an ADC approach. Tisotumab vedotin is in clinical development for cervical cancer and other solid tumors. Tisotumab vedotin is being co-developed by Genmab and Seattle Genetics, under an agreement in which the companies share all future costs and profits for the product on a 50:50 basis.

FOURTH QUARTER UPDATE

October

Genmab and Seattle Genetics announced a decision to start a 100 patient, single arm, Phase II study of tisotumab vedotin in patients with recurrent and/or metastatic cervical cancer who relapsed or progressed after standard of care treatment. The study could potentially provide the basis for a regulatory application for approval. Patient enrollment is expected to begin by the first half of 2018.

UPDATES FROM FIRST QUARTER TO THIRD QUARTER

August

Seattle Genetics exercised its option to co-develop & co-commercialize tisotumab vedotin with Genmab. All future costs and profits for tisotumab vedotin will be shared on a 50:50 basis.

A Phase II continued treatment study of tisotumab vedotin was started allowing patients who achieved a response in the Phase I/II study to continue treatment with tisotumab vedotin.

June

Preliminary data from the ongoing Phase I/II study of tisotumab vedotin in solid tumors (GEN701) was reported. In Part 2 of the study, 11 of 34 evaluable patients in the cervical cancer cohort achieved a response; with a median time of treatment of 4.9 months, 7 responders were still ongoing wor in follow up for progression.

The safety profile of tisotumab vedotin was generally consistent with known MMAE based ADCs including peripheral neuropathy and neutropenia. Conjunctivitis was identified as a toxicity specifically related to tisotumab vedotin, which led to the introduction of prophylactic management.

Tisotumab vedotin Collaboration with Seattle Genetics, Inc.

In September 2010, Genmab and Seattle Genetics, Inc. entered into an ADC collaboration, and a commercial license and collaboration agreement was executed in October 2011. Under the agreement, Genmab was granted rights to utilize Seattle Genetics' ADC technology with its HuMax-TF antibody. Seattle Genetics was granted rights to exercise a co-development and co-commercialization option at the end of Phase I clinical development for tisotumab vedotin. In August 2017, Seattle Genetics exercised its option to co-develop and co-commercialize tisotumab vedotin with Genmab. All costs and profits for tisotumab vedotin will be shared on a 50:50 basis.

Cervical Cancer

Cervical
A cancer that originates in the cells lining the cervix

67.1%
5-year survival rate of 67.1% in the U.S.[1]

13,000
In 2017, it was expected that approximately 13,000 women would be newly diagnosed with cervical cancer and approximately 4,000 women would die from the disease in the U.S.[1]

527,000
In 2012, it was expected that approximately 527,000 women worldwide would be diagnosed with cervical cancer and 265,000 would die from the disease, the vast majority of whom live in the developing world[2]

31B
Global cervical cancer market to remain steady at USD 31 billion from 2017 to 2023[3]

Sources: [1] National Cancer Institute SEER. "Cancer Stat Facts: Cervix Uteri Cancer." Available at https://seer.cancer.gov/statfacts/html/cervix.html. Accessed December 2017. [2] Cancer Research UK. "Cervical cancer statistics." Available at http://www.cancerresearchuk.org/health-professional/cancer-statistics/statistics-by-cancer-type/cervical-cancer/mortality#heading-Five. Accessed December 2017. [3] GlobalData. Oncology (Cervical Cancer), All Countries, Market Size, 2012-2023. Accessed December 2017.

HuMax-AXL-ADC
A First-in-Class ADC

At-A-Glance

- **ADC in development to treat solid tumors**
- **Phase I/II clinical study for six types of solid tumors ongoing**

HuMax-AXL-ADC is an ADC targeted to AXL, a signaling molecule expressed on many solid cancers and implicated in tumor biology. HuMax-AXL-ADC is in Phase I/II clinical development for six different solid tumors: ovarian, cervical, endometrial, thyroid, NSCLC, and melanoma. HuMax-AXL-ADC is fully owned by Genmab and the ADC technology used with HuMax-AXL-ADC was licensed from Seattle Genetics.

HuMax-AXL-ADC ADC Technology License from Seattle Genetics, Inc.

In September 2014, Genmab entered into an ADC agreement with Seattle Genetics. Under this agreement, Genmab paid an upfront fee of USD 11 million for exclusive rights to utilize Seattle Genetics' ADC technology with Genmab's HuMax-AXL antibody. Seattle Genetics is also entitled to receive more than USD 200 million in potential milestone payments and mid-to-high single digit royalties on worldwide net sales of any resulting products. In addition, prior to Genmab's initiation of a Phase III study for any resulting products, Seattle Genetics has the right to exercise an option to increase the royalties to double digits in exchange for a reduction of the milestone payments owed by Genmab. Irrespective of any exercise of option, Genmab remains in full control of development and commercialization of any resulting products.

HexaBody-DR5/DR5
First HexaBody Program in Development

At-A-Glance

- **Proprietary antibody therapeutic created with Genmab's HexaBody technology**
- **Composed of two non-competing HexaBody molecules that target two distinct DR5 epitopes**
- **Phase I/II clinical trial in solid tumors anticipated to start in 2018**

HexaBody-DR5/DR5 is a mixture of two non-competing HexaBody molecules that target two distinct epitopes on death receptor 5 (DR5), a cell surface receptor that mediates a process called programmed cell death. Increased expression of DR5 has been reported in several types of tumors. HexaBody-DR5/DR5 may have potential in a number of solid cancers including colorectal, non-small cell lung cancer, triple negative breast cancer, renal cell cancer, gastric cancer and urothelial cancer. A Phase I/II clinical trial in solid tumors is anticipated to start in early 2018.

FOURTH QUARTER UPDATE

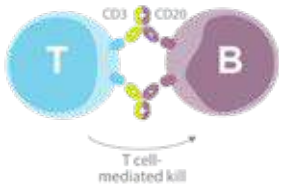
November

An IND was submitted to the U.S. FDA and a Clinical Trial Application (CTA) was submitted in Europe for a Phase I/II clinical trial of HexaBody-DR5/DR5 in solid tumors. The study is expected to begin in early 2018.

DuoBody-CD3xCD20
A Proprietary Bispecific Antibody

At-A-Glance

- **Proprietary bispecific antibody created with Genmab's DuoBody technology**
- **Phase I/II clinical trial in B-cell malignancies anticipated to start in 2018**



DuoBody-CD3xCD20 is a proprietary bispecific antibody created using Genmab's DuoBody technology. DuoBody-CD3xCD20, targets CD3, which is expressed on T-cells, and CD20, a clinically well-validated target. DuoBody-CD3xCD20 could have potential to treat B-cell malignancies such as diffuse large B-cell lymphoma, indolent non-Hodgkin's lymphoma and mantle cell lymphoma. A Phase I/II clinical study of DuoBody-CD3xCD20 is anticipated to start in 2018.

FOURTH QUARTER UPDATE

December

An IND was submitted to the U.S. FDA and a Clinical Trial Application (CTA) was submitted in Europe for a Phase I/II clinical trial of DuoBody-CD3xCD20 in B-cell malignancies. The study is expected to start in the first half of 2018.

Pre-clinical Programs

At-A-Glance

- **Broad pre-clinical pipeline of over 20 programs**
- **Pre-clinical pipeline includes both partnered products and in-house programs based on our proprietary technologies**
- **Multiple new INDs expected to be submitted over coming years**

Genmab has over 20 active in-house and partnered pre-clinical programs. Our pre-clinical pipeline includes naked antibodies, immune effector function enhanced antibodies developed with our HexaBody technology, and bispecific antibodies created with our DuoBody platform.

A number of the pre-clinical programs are carried out in cooperation with our collaboration partners, such as programs targeting central nervous system disease with Lundbeck, and the DuoBody-CD40x4-1BB immuno-oncology program with BioNTech.

Partner Programs Built on Genmab's Innovation

In addition to our two marketed products and four proprietary clinical projects, our collaboration partners are running clinical development programs with antibodies created by Genmab or created using our DuoBody bispecific antibody technology, as well as the HuMax-IL8 project run by Bristol-Myers Squibb.

Teprotumumab

At-A-Glance

- **In clinical development by Horizon Pharma plc**
- **Phase III clinical study for active thyroid eye disease ongoing**

Teprotumumab is a fully human antibody that targets the Insulin-like Growth Factor-1 Receptor (IGF-1R), which is a well-validated target. Teprotumumab was created by Genmab under our collaboration with Roche. Clinical development of teprotumumab is being conducted by Horizon Pharma plc under a license from Roche. Teprotumumab has been granted Fast Track designation, Orphan Drug designation and Breakthrough Therapy Designation for Graves' orbitopathy (thyroid eye disease) by the U.S. FDA.

FOURTH QUARTER UPDATE

October

The first patient was enrolled in a confirmatory Phase III clinical trial evaluating teprotumumab for moderate-to-severe active thyroid eye disease, triggering a USD 1.5 million milestone payment to Genmab from Horizon Pharma.

AMG 714

At-A-Glance

- **Antibody targeting IL-15**
- **In clinical development for celiac disease**

AMG 714 is a human monoclonal antibody that binds to Interleukin-15 (IL-15), a cytokine molecule appearing early in the cascade of events that ultimately leads to inflammatory disease. AMG 714 was created under a collaboration with Amgen. Amgen sub-licensed AMG 714 to a private company, Celimmune, LLC and subsequently exercised an option to acquire Celimmune and AMG 714. Celimmune was conducting two Phase II studies of AMG 714 for the treatment of celiac disease and Amgen is considering next steps for the program.

ADCT-301

At-A-Glance

- **ADC in development under a collaboration and license agreement with ADC Therapeutics**
- **Phase I clinical studies for lymphomas and leukemias ongoing**

ADCT-301 is an ADC that combines Genmab's HuMax-TAC antibody and ADC Therapeutics' PBD-based warhead and linker technology. ADCT-301 targets CD25, which is expressed on a variety of hematological tumors and shows limited expression on normal tissues, making it an attractive target for antibody-payload approaches. ADCT-301 is in clinical development under a Collaboration and License Agreement between Genmab and ADC Therapeutics, under which Genmab owns 25% of the product rights. Phase I studies of ADCT-301 to treat lymphomas and leukemias are ongoing.

JNJ-61186372

At-A-Glance

- **DuoBody product targeting EGFR and cMet**
- **Phase I study ongoing in NSCLC**
- **Developed by Janssen under the DuoBody technology collaboration**

JNJ-61186372 is a bispecific antibody that targets EGFR and cMet, two validated cancer targets. JNJ-61186372 was created under a collaboration between Genmab and Janssen using Genmab's DuoBody technology. The two antibodies used to generate JNJ-61186372 were both created by Genmab. Janssen is investigating JNJ-61186372 in a Phase I clinical study to treat NSCLC.

JNJ-63709178

At-A-Glance

- **DuoBody product targeting CD3 and CD123**
- **Phase I study in relapsed or refractory AML ongoing**
- **Developed by Janssen under the DuoBody technology collaboration**

JNJ-63709178 is a bispecific antibody that targets CD3, which is expressed on T-cells, and CD123, which is overexpressed in various hematologic malignancies. JNJ-63709178 can redirect T-cells, resulting in T-cell mediated killing of CD123+ AML cells. JNJ-63709178 was created by Janssen using Genmab's DuoBody technology under the companies' collaboration agreement. JNJ-63709178 is being investigated in a Phase I study in relapsed or refractory AML.

UPDATES FROM FIRST QUARTER TO THIRD QUARTER

March

The Phase I study of JNJ-63709178 in AML was released from clinical hold and the study is actively recruiting.

JNJ-64007957

At-A-Glance

- **DuoBody product targeting CD3 and BCMA**
- **Phase I study in relapsed or refractory multiple myeloma ongoing**
- **Developed by Janssen under the DuoBody technology collaboration**

JNJ-64007957 is a bispecific antibody that targets CD3, which is expressed on T-cells, and BCMA, which is expressed on mature B lymphocytes. JNJ-64007957 was created under a collaboration between Genmab and Janssen using Genmab's DuoBody technology. JNJ-64007957 is being investigated in a Phase I clinical study to treat relapsed or refractory multiple myeloma.

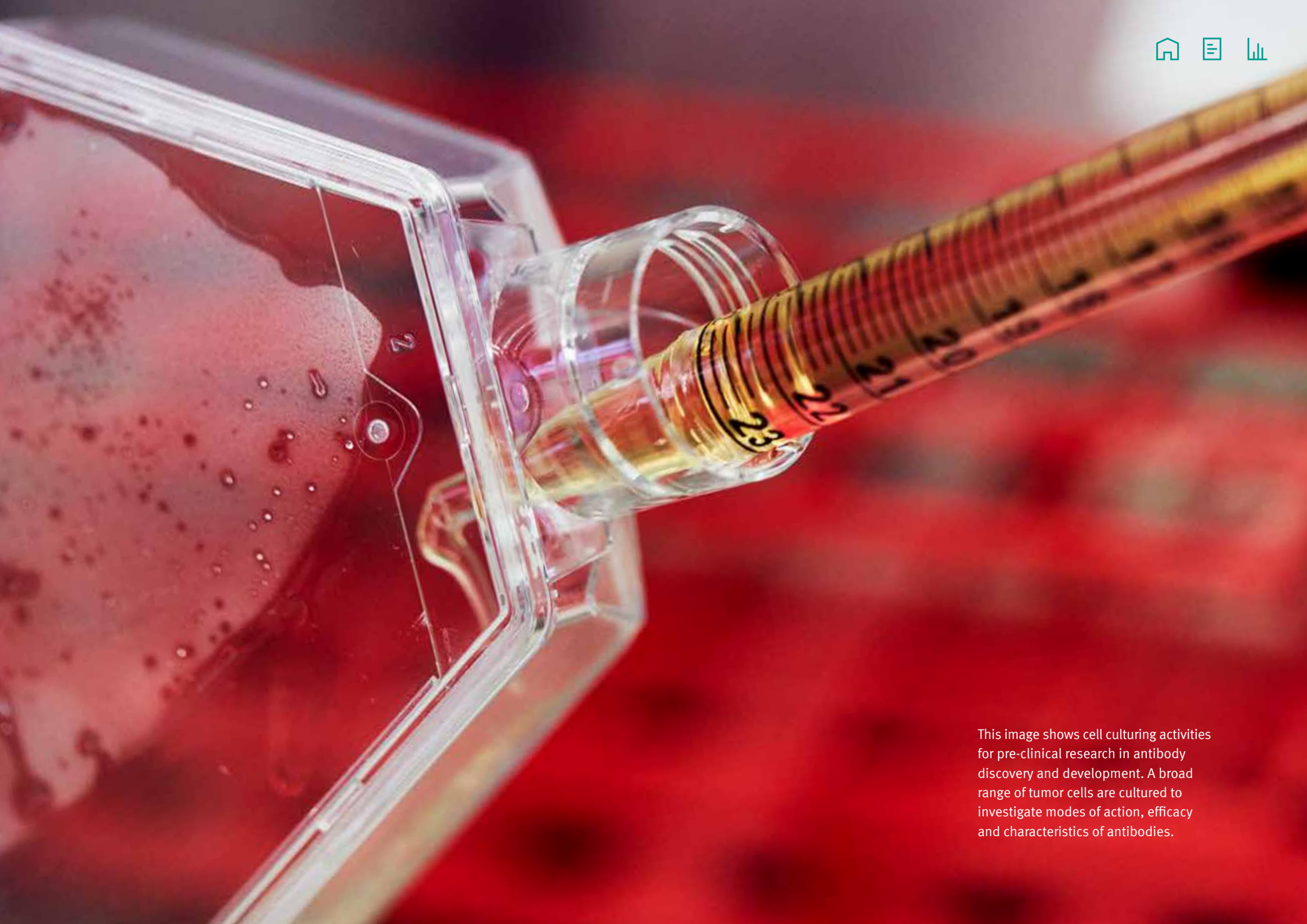
UPDATES FROM FIRST QUARTER TO THIRD QUARTER

September

The first patients were dosed in the Phase I study of JNJ-64007957, triggering a USD 2 million milestone payment from Janssen to Genmab.

May

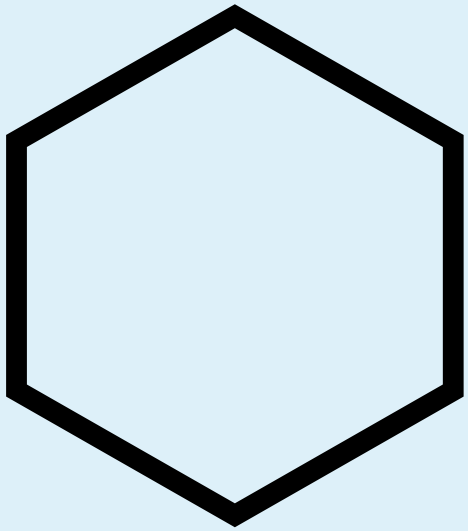
A Phase I study of JNJ-64007957 in relapsed or refractory multiple myeloma was published by Janssen on www.clinicaltrials.gov.



This image shows cell culturing activities for pre-clinical research in antibody discovery and development. A broad range of tumor cells are cultured to investigate modes of action, efficacy and characteristics of antibodies.

Antibody Technologies

Genmab has developed proprietary antibody technologies including the DuoBody platform for the creation of bispecific antibodies and the HexaBody platform to increase the potency of antibodies. Information about these technologies can be found in the following sections and at www.genmabtech.com.



We also use several other technologies to increase the potency of some of our antibody therapeutics on a product-by-product basis. For example, we license an antibody-drug conjugate (ADC) technology from Seattle Genetics. ADCs are antibodies with potent cytotoxic agents coupled to them. By using antibodies that recognize specific targets on tumor cells, these cytotoxic agents are preferentially delivered to the tumor cells.

We license technologies from other companies to generate diverse libraries of high quality, functional antibodies. These technologies include the OmniAb® transgenic mouse and rat platforms from Open Monoclonal Technology, Inc. (OMT) (acquired by Ligand Pharmaceuticals Incorporated), the UltiMAb® transgenic mouse technology from Medarex, Inc., a wholly owned subsidiary of Bristol-Myers Squibb, and the rabbit antibody platform from MAB Discovery GmbH.

KEY TECHNOLOGIES

DuoBody Platform
- Genmab's proprietary bispecific antibody technology
- Generates bispecific antibodies that can bind to two targets or different epitopes on one target
- Potential application in cancer, autoimmune, infectious, cardiovascular, central nervous system diseases and hemophilia

HexaBody Technology
- Genmab's proprietary technology designed to increase the potency of antibodies
- Potential application in cancer and infectious diseases

Antibody-Drug Conjugates
- Antibodies with potent cytotoxic agents coupled to them
- Expanding development area for cancer immunotherapy

Antibody Generation Technology Platforms
- OmniAb transgenic mouse and rat platforms
- MAB Discovery's rabbit antibody platform
- UltiMAb transgenic mouse technology

The DuoBody Platform Innovative Technology for Bispecific Antibody Therapeutics

At-A-Glance

- **Bispecific antibody technology platform**
- **Potential in cancer, autoimmune, infectious, cardiovascular, and central nervous system diseases and hemophilia**
- **Commercial collaborations with Janssen, Gilead Sciences, Aduro Biotech Europe, BioNTech, and Novo Nordisk, plus multiple research collaborations**

DuoBody

“ The DuoBody-CD3xCD20 project adds value to Genmab’s pipeline by bringing a promising candidate forward to clinical trials using our proprietary DuoBody technology platform. This is the first DuoBody project we advance to clinical development by ourselves and I believe it will further validate the technology.”

Peter Juul Madsen, Senior CMC Project Manager

The DuoBody platform is Genmab’s innovative platform for the discovery and development of bispecific antibodies. Bispecific antibodies bind to two different epitopes (or “docking” sites) either on the same, or on different targets (also known as dual-targeting). Dual-targeting may improve binding specificity and enhance therapeutic efficacy or bring two different cells together (for example engaging a T cell to kill a tumor cell). Bispecific antibodies generated with the DuoBody platform can be used for the development of therapeutics for cancer, autoimmune, infectious, cardiovascular, central nervous system diseases, and hemophilia. DuoBody molecules are unique in combining the benefits of bispecificity with the strengths of conventional antibodies, which allows DuoBody molecules to be administered and dosed the same way as other antibody therapeutics.

Genmab’s DuoBody platform generates bispecific antibodies via a versatile and broadly applicable process which is easily performed at high throughput, at standard bench, as well as commercial manufacturing scale.

Genmab uses the DuoBody platform to create its own bispecific antibody programs and the technology is also available for licensing. Genmab has numerous alliances for the DuoBody platform including commercial collaborations with Janssen, Novo Nordisk, Aduro Biotech Europe, BioNTech, and Gilead Sciences.

Commercial DuoBody Product Collaborations

Janssen Biotech, Inc.

In July 2012, Genmab entered into a collaboration with Janssen Biotech, Inc. to create and develop bispecific antibodies using our DuoBody platform. Under the original July 2012 agreement, Janssen had the right to use the DuoBody technology to create panels of bispecific antibodies (up to 10 DuoBody programs) to multiple disease target combinations. Genmab received an upfront payment of USD 3.5 million from Janssen and will potentially be entitled to milestone and license payments of up to approximately USD 175 million, as well as royalties for each commercialized DuoBody product.

Under the terms of a December 2013 amendment, Janssen was entitled to work on up to 10 additional programs. Genmab received an initial payment of USD 2 million from Janssen. For each of the additional programs that Janssen successfully initiates, develops and commercializes, Genmab will potentially be entitled to receive average milestone and license payments of approximately USD 191 million. In addition, Genmab will be entitled to royalties on sales of any commercialized products. All research work is funded by Janssen.

As of December 31, 2017, Janssen has exercised 12 licenses under this collaboration. Due to the expiry of some of the options, only two of the options remain for potential use by Janssen.

Aduro Biotech Europe

In February 2015, Genmab entered a co-development and commercialization agreement with Aduro Biotech Europe (formerly BioNovion) to evaluate five DuoBody product candidates targeting immune checkpoints. Genmab and Aduro Biotech Europe will contribute panels of antibodies for the creation of bispecific antibody products using our DuoBody platform. If the companies jointly select a product candidate for clinical development, development costs will be shared equally, with each party retaining a 50% share of the product rights. If one of the companies decides not to move a therapeutic candidate forward, the other company is entitled to continue developing the product at predefined licensing terms. The agreement also includes terms which allow the parties to opt out of joint development at key points in each product's clinical development.

BioNTech

In May 2015, Genmab entered an agreement with BioNTech AG to jointly research, develop and commercialize bispecific antibody products using Genmab's DuoBody technology platform. Under the terms of the agreement, BioNTech will provide proprietary antibodies against key immunomodulatory targets, while Genmab provides access to its DuoBody technology platform. Genmab paid an upfront fee of USD 10 million to BioNTech and an additional USD 2 million (out of a potential of USD 5 million) as certain BioNTech assets were selected for further development. If the companies jointly select any product candidates for clinical development, development costs and product ownership will be shared equally going forward. If one of the companies does not wish to move a product candidate forward, the other company is entitled to continue developing the product on predetermined licensing terms. The agreement also includes provisions which will allow the parties to opt out of joint development at key points.

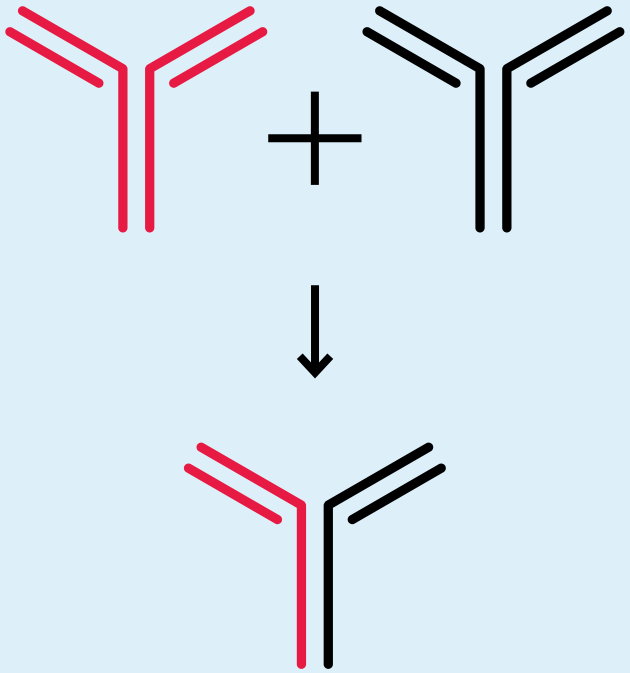
Novo Nordisk

In August 2015, Genmab entered an agreement to grant Novo Nordisk commercial licenses to use the DuoBody technology platform to create and develop bispecific antibody candidates for two therapeutic programs. The bispecific antibodies will target a disease area outside of cancer therapeutics. Under the terms of the agreement, Genmab received an upfront payment of USD 2 million from Novo Nordisk. After an initial period of exclusivity for the two target combinations, Novo Nordisk has an option to maintain exclusivity or take the licenses forward on a non-exclusive basis. Genmab is entitled to potential development, regulatory and sales milestones of up to approximately USD 250 million for each exclusive license, or approximately USD 200 million for each non-exclusive license. In addition, Genmab will be entitled to single-digit royalties on sales of any commercialized products. In December 2017, the agreement was expanded to include an additional five potential target pair combinations and three commercial license options. Genmab received an upfront payment of USD 2 million from Novo Nordisk and will be entitled to milestones and single digit royalties on eventual product sales.

Gilead Sciences

In August 2016, Genmab entered an agreement to grant Gilead Sciences, Inc. an exclusive license and an option on a second exclusive license, to use the DuoBody technology platform to create and develop bispecific antibody candidates for a therapeutic program targeting HIV. Under the terms of the agreement, Genmab received an upfront payment of USD 5 million from Gilead Sciences. Genmab is entitled to potential development, regulatory and sales milestones of up to USD 277 million for the first product and further milestones for subsequent products. In addition, Genmab will be entitled to single-digit royalties on Gilead's sales of any commercialized products. Similar terms would apply if Gilead exercises the option to the second license.

The DuoBody Platform



The DuoBody platform generates bispecific antibodies by a versatile, robust, and broadly applicable process which causes the binding arms of two distinct monoclonal antibodies to exchange – combining into one bispecific antibody.

HexaBody Technology Creating Differentiated Therapeutics

At-A-Glance

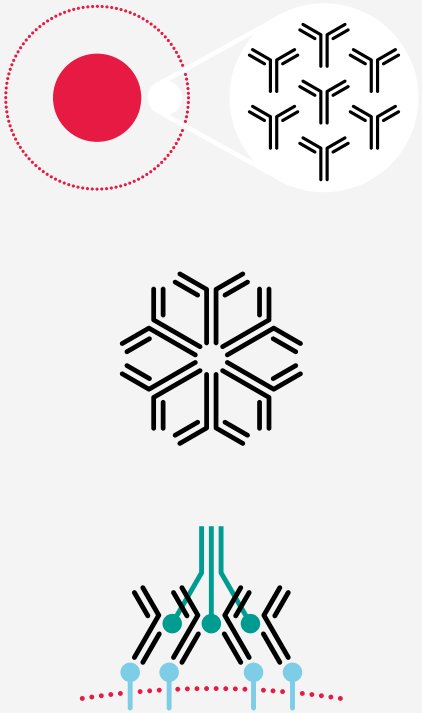
- **Enhanced potency antibody technology platform**
- **Broadly applicable technology that builds on natural antibody biology**
- **First HexaBody product in clinical development – HexaBody-DR5/DR5**

HexaBody

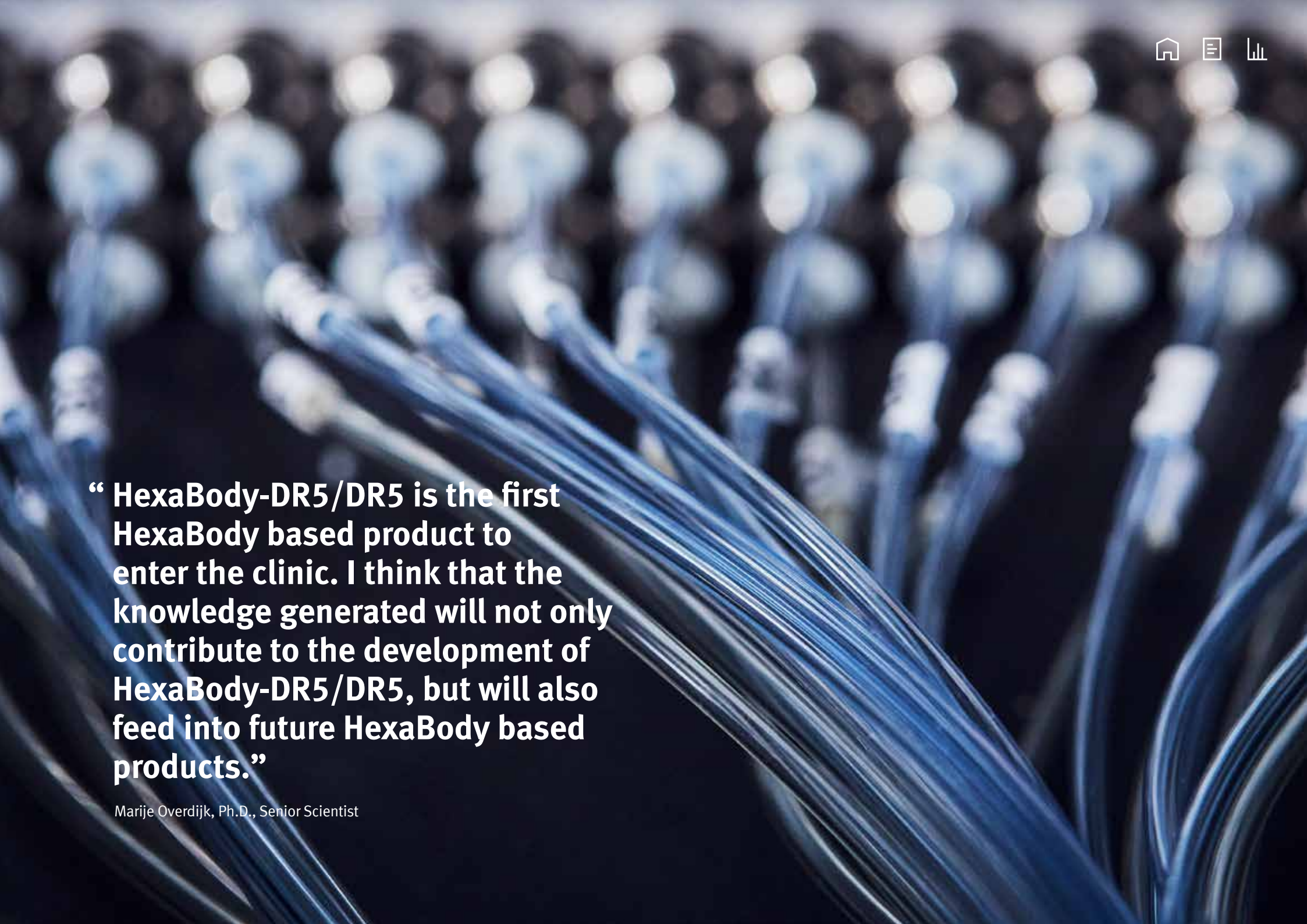
The HexaBody technology is a proprietary Genmab technology that is designed to increase the potency of antibodies. The HexaBody platform builds on natural biology and strengthens the natural killing ability of antibodies while retaining regular structure and specificity. The technology allows for the creation of potent therapeutics by inducing antibody hexamer formation (clusters of six antibodies) after binding to their target antigen on the cell surface. We have used the HexaBody platform to generate antibodies with enhanced complement-mediated killing, allowing antibodies with limited or absent killing capacity to be transformed into potent, cytotoxic antibodies. In addition to complement-mediated killing, the clustering of membrane receptors by the HexaBody platform can lead to subsequent outside-in signaling (e.g. in the case of our HexaBody-DR5/DR5 product leading to cell death).

The HexaBody technology creates opportunities to explore new product candidates, to repurpose drug candidates unsuccessful in previous clinical trials due to insufficient potency and may provide a useful strategy in product life cycle management. The HexaBody technology is broadly applicable and can be combined with Genmab's DuoBody platform as well as other antibody technologies. The technology has the potential to enhance antibody therapeutics for a broad range of applications in cancer and infectious diseases. Genmab intends to use the HexaBody technology for its own antibody programs and the technology is also available for licensing. Genmab has entered multiple HexaBody research collaborations with other companies.

HexaBody Process



The HexaBody platform is an innovative approach to enhance the ordered clustering of antibodies into hexamers after they bind to their target on cells. This biological mechanism can be exploited to robustly enhance cell killing by complement-mediated killing or agonist outside-in signaling.


“ HexaBody-DR5/DR5 is the first HexaBody based product to enter the clinic. I think that the knowledge generated will not only contribute to the development of HexaBody-DR5/DR5, but will also feed into future HexaBody based products.”
Marije Overdijk, Ph.D., Senior Scientist

Corporate Governance

Genmab works diligently to improve its guidelines and policies for corporate governance taking into account the recent trends in international and domestic requirements and recommendations. Genmab's commitment to corporate governance is based on ethics and integrity and forms the basis of its effort to strengthen the confidence that existing and future shareholders, partners, employees and other stakeholders have in Genmab. The role of shareholders and their interaction with Genmab is important. Genmab acknowledges that open and transparent communication is necessary to maintain the confidence of Genmab's shareholders and achieves this through company announcements, investor meetings and company presentations. Genmab is committed to providing reliable and transparent information about its business, development programs and scientific results in a clear and timely manner.

All Danish companies listed on the Nasdaq Copenhagen are required to disclose in their annual reports how they address the Recommendations for Corporate Governance issued by the Committee on Corporate Governance in May 2013, revised by November 2014, (the "Recommendations") applying the "comply-or-explain" principle.

Genmab follows the vast majority of the Recommendations, although specific sub-areas have been identified where Genmab's corporate governance principles differ from the Recommendations:

- The Recommendations provide that according to a company's takeover contingency procedures, the board of directors shall not attempt to counter a takeover bid without the acceptance of the general meeting. Genmab does not have such a restriction in its takeover contingency procedures and retains the right in certain circumstances to reject takeover bids without consulting the shareholders. Actions will be determined on a case-by-case basis with due consideration to the interests of the shareholders and other stakeholders.

- The Recommendations provide that remuneration of the board members shall not include share options. However, Genmab's remuneration of the board members includes restricted stock units (RSUs), which like share options are considered a form of equity compensation. Equity compensation constitutes a common part of the remuneration paid to members of the board of directors in competing international biotech companies. To remain competitive in the international market and to be able to attract and retain qualified members of the Board of Directors, it is considered in the best interest of Genmab to follow this practice, which we believe is aligned to serve the shareholders' long-term interests. Following an amendment of the guidelines for incentive-based remuneration (Remuneration Principles) of the Board of Directors and Executive Management by the general meeting in 2014, share options granted to board members may only be in the form of RSUs. Furthermore, to ensure the Board of Directors' independence and supervisory function, vesting of RSUs granted to members of the Board of Directors shall not be subject to fulfilment of forward-looking performance criteria.

- The Recommendations provide that Genmab, in exceptional cases, should be able to reclaim variable components of remuneration. It is Genmab's assessment that a claim to repayment, in whole or in part, of variable components of remuneration, which have been paid on the basis of information later proven incorrect, should be based on the general Danish legal principles. The Board of Directors is, however, considering amending the guidelines for incentive-based remuneration of the Board of Directors and Executive Management to enable Genmab, on the basis of generally applicable principles of Danish law, to reclaim variable components of remuneration, in whole or in part.

Genmab publishes its statutory report on Corporate Governance for the financial year 2017 cf. Section 107 b of the Danish Financial Statements Act ("Lovpligtig redegørelse for virksomhedsledelse jf. årsregnskabslovens § 107 b") on the company's website, including a detailed description of the Board of Directors' consideration in respect of all the Recommendations. The statutory report on Corporate Governance can be found on Genmab's website http://ir.genmab.com/governance.cfm.

The Board of Directors

The Board of Directors plays an active role within Genmab in setting the strategies and goals for Genmab and monitoring the operations and results of the company. Board duties include establishing policies for strategy, accounting, organization and finance, and the appointment of executive officers. The Board of Directors also assesses Genmab's capital and share structure and is responsible for approving share issues and the grant of warrants and RSUs.

Board Committees

To support the Board of Directors in its duties, the Board of Directors has established and appointed a Compensation Committee, an Audit Committee, a Nominating and Corporate Governance Committee and a Scientific Committee. These committees are charged with reviewing issues pertaining to their respective fields that are due to be considered at board meetings. Written charters specifying the tasks and responsibilities for each of the committees are available on Genmab's website www.genmab.com.

For more details on the work and composition of the Board of Directors and its committees, reference is made to the statutory report on Corporate Governance.

Guidelines for Incentive Remuneration

Pursuant to section 139 of the Danish Companies Act (in Danish "Selskabsloven"), the board of directors is required, before the company enters into a specific incentive payment agreement with a member of the board of directors or executive management, to lay down general guidelines governing the company's incentive remuneration of such member. The general guidelines are included in the Remuneration Principles for the Board of Directors and the Executive Management which have been considered and adopted at Genmab's annual general meeting. The Remuneration Principles can be found in their full length on our website www.genmab.com. The guidelines were adopted at the 2008 annual general meeting and amended by the annual general meetings of the company in 2011, 2012, 2014, 2016 and 2017.

All incentive payments are carried out in accordance with Genmab's Remuneration Principles.

Disclosure Regarding Change of Control

The Danish Financial Statements Act (Section 107 a) contains rules relating to listed companies with respect to certain disclosures that may be of interest to the stock market and potential takeover bidders, in particular in relation to disclosure of change of control provisions.

For information on change of control clauses in our collaboration, development and license agreements as well as certain service agreements with the Executive Management and employees, please refer to note 5.5. Change of control clauses related to our warrant and RSU programs are outlined in note 4.6.

More information on share capital is included in note 4.7.
Unless otherwise provided in the Danish Companies Act, the adoption of any resolution to amend Genmab A/S' articles of association shall be subject to the affirmative vote of not less than two thirds of the votes cast as well as of the voting share capital represented at the general meeting. Genmab A/S' entire articles of association can be found on our website www.genmab.com.

Corporate Social Responsibility (CSR)

CSR FOCUS AREAS

Employee Well-being

including health, safety and development

Environment

including waste management and recycling

Business Ethics

and transparency

Ethics

in relation to pre-clinical and clinical studies

Genmab's commitment to Corporate Social Responsibility (CSR) is anchored in our company's core purpose "to improve the lives of patients by creating and developing innovative antibody products" and our vision "By 2025 our own product has transformed cancer treatment and we have a pipeline of knock-your-socks-off antibodies."

Our vision inspires and motivates us to find new ways to improve healthcare and quality of life for patients and their families. We are committed to creating differentiated antibody products that have the potential to provide new treatment options to patients with life threatening and debilitating diseases. Our efforts to address unmet medical needs have led to the creation and market launch of DARZALEX (daratumumab) and Arzerra (ofatumumab) and to the development of a robust pipeline of pre-clinical and clinical products.

We believe we have a responsibility to ensure our actions not only benefit our main stakeholders (patients, shareholders and employees), but also society as a whole. With our core values and vision in mind, being socially responsible is fundamental to the way we do business at Genmab.

When carrying out our business we strive to comply with all relevant laws, standards and guidelines. We also consider the well-being of our employees a top priority, and we minimize our impact on the environment to the extent possible. We have high ethical standards and aim to conduct business with companies and within countries that share our ethics and respect the protection of internationally proclaimed human rights. As we conduct business in a highly regulated industry, we have chosen not to implement a specific human rights policy. It is important to us however, to support and respect the protection of internationally proclaimed human rights through other policies that address responsible supply chain management, ethical procedures, health and safety procedures, and issues regarding access to medicine. Genmab only conducts clinical trials in markets where a drug is planned to become available. Furthermore, Genmab does not employ child labor.

Our CSR Committee is comprised of representatives from our human resources, investor relations & communications, legal, finance and research & development functions. The committee ensures that Genmab carries out its CSR activities effectively and communicates clearly and openly about them.

Genmab publishes its statutory report on CSR for the financial year 2017 cf. Section 99 a of the Danish Financial Statements Act on the company's website, including additional information about policies, progress made during 2017 and expected activities for 2018. Genmab has adopted a target figure for women in the Board of Directors and a policy regarding the proportion of gender in other management levels of the Genmab group. In accordance with section 99 b of the Danish Financial Statements Act, Genmab discloses the target figure, the policy and current performance in its statutory report on CSR for the financial year 2017. The statutory report on CSR can be found at http://ir.genmab.com/csr.cfm.

Our People

Our Core Purpose

To improve the lives of patients by creating and developing innovative antibody products

Our Core Values

- Passion for innovation
- Work as one team and respect each other
- Determined – being the best at what we do
- Integrity – we do the right thing

Male/Female Ratios	2017		2016	
	Male	Female	Male	Female
Genmab Group	43%	57%	46%	54%
Director level and above	50%	50%	53%	47%
Below director level	41%	59%	43%	57%
Annual promotions	29%	71%	36%	64%

Other Employee Information	2017	2016
FTE at the end of the year	257	205
Research and development FTE	220	176
Administrative FTE	37	29
FTE in Denmark at the end of the year	77	59
FTE in Netherlands at the end of the year	155	136
FTE in US at the end of the year	25	10
Employee turnover[1]	7%	8%
Employee absence[2]	3%	4%

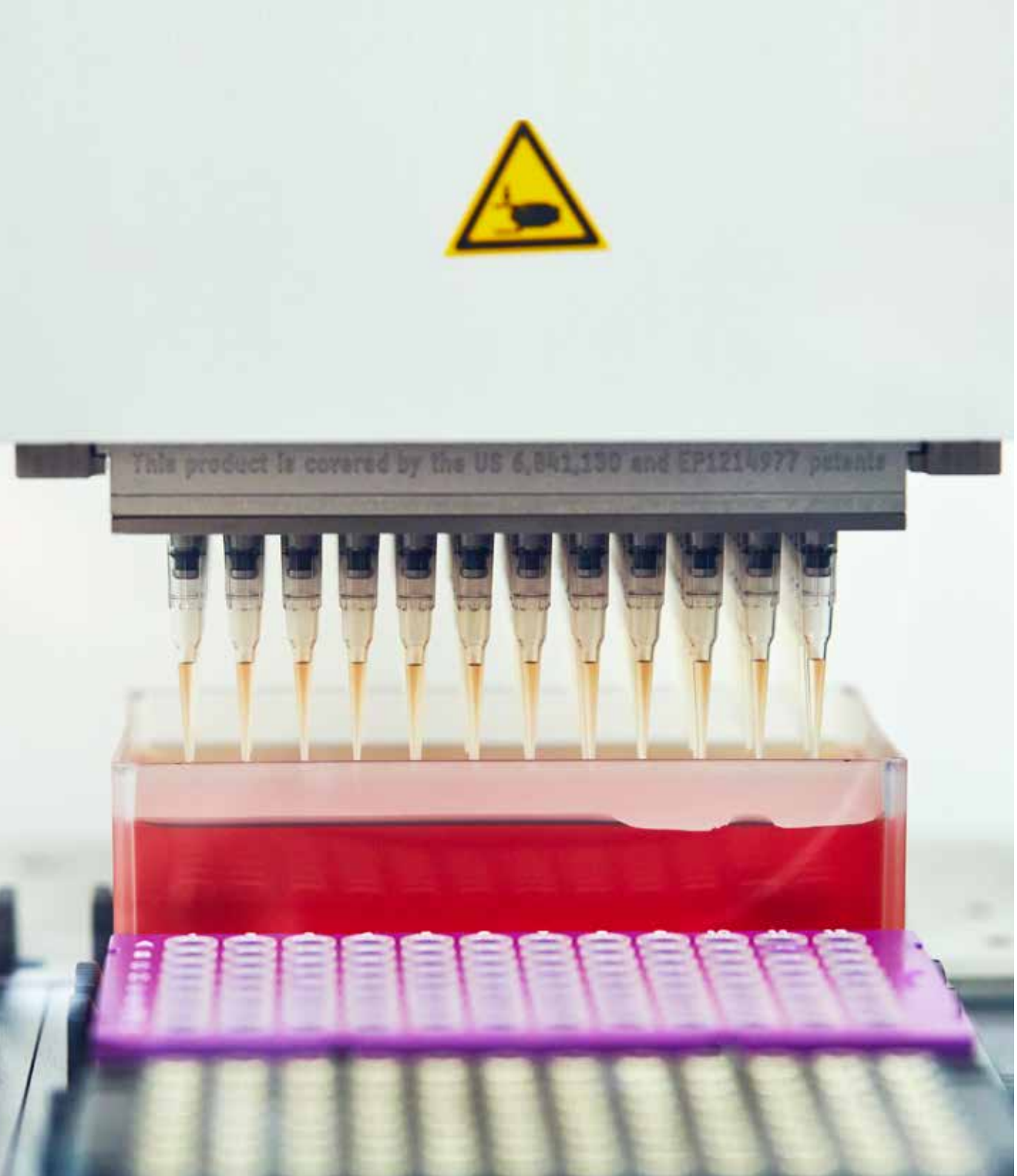
[1] Employee turnover percentage is calculated by the FTE voluntarily leaving since the beginning of the year divided by the average FTE.

[2] The rate of absence is measured as absence due to the employee's own illness, pregnancy-related sick leave, and occupational injuries and illnesses compared with a regional standard average of working days in the year, adjusted for holidays.

Employees are Genmab's most important asset and we strive to attract and retain the most qualified people to fulfill our core purpose. Genmab's goal is to develop and retain value in our own products which could one day transform cancer treatment. At Genmab, our core purpose, together with our core values, guides and inspires employees in their everyday work.

Teamwork and respect are central pillars of Genmab's culture and we therefore ensure an inclusive, open, and supportive professional work environment across our international locations. We believe that fostering workplace diversity across social, educational, cultural, national, age and gender lines is a prerequisite for the continued success of the company. We are committed to diversity at all levels of the company and strive to recruit employees with the right skills and competences, regardless of gender, age, ethnicity, etc.

Skill, knowledge, experience and employee motivation are essential to Genmab as a biotech company. The ability to organize our highly skilled and very experienced employees at all levels of the organization into interactive teams is a key factor in achieving our goals and ensuring Genmab's success. Genmab's team is very experienced in the pharmaceutical and biotechnology industry, particularly among the more senior personnel.



Risk Management

Genmab has facilities in three countries and performs research and development activities with clinical trials conducted around the globe. Through our activities, we are exposed to a variety of risks, some of which are beyond our control. These risks may have a significant impact on our business if not properly assessed and controlled. Maintaining a strong control environment, with adequate procedures for identification and assessment of risks and adhering to operational policies designed to reduce such risks to an acceptable level, is essential for the continued development of Genmab. It is our policy to identify and reduce the risks derived from our operations and to establish insurance coverage to mitigate any residual risk, wherever considered practicable. The Board of Directors performs a yearly review of Genmab's insurance coverage to ensure that it is adequate.

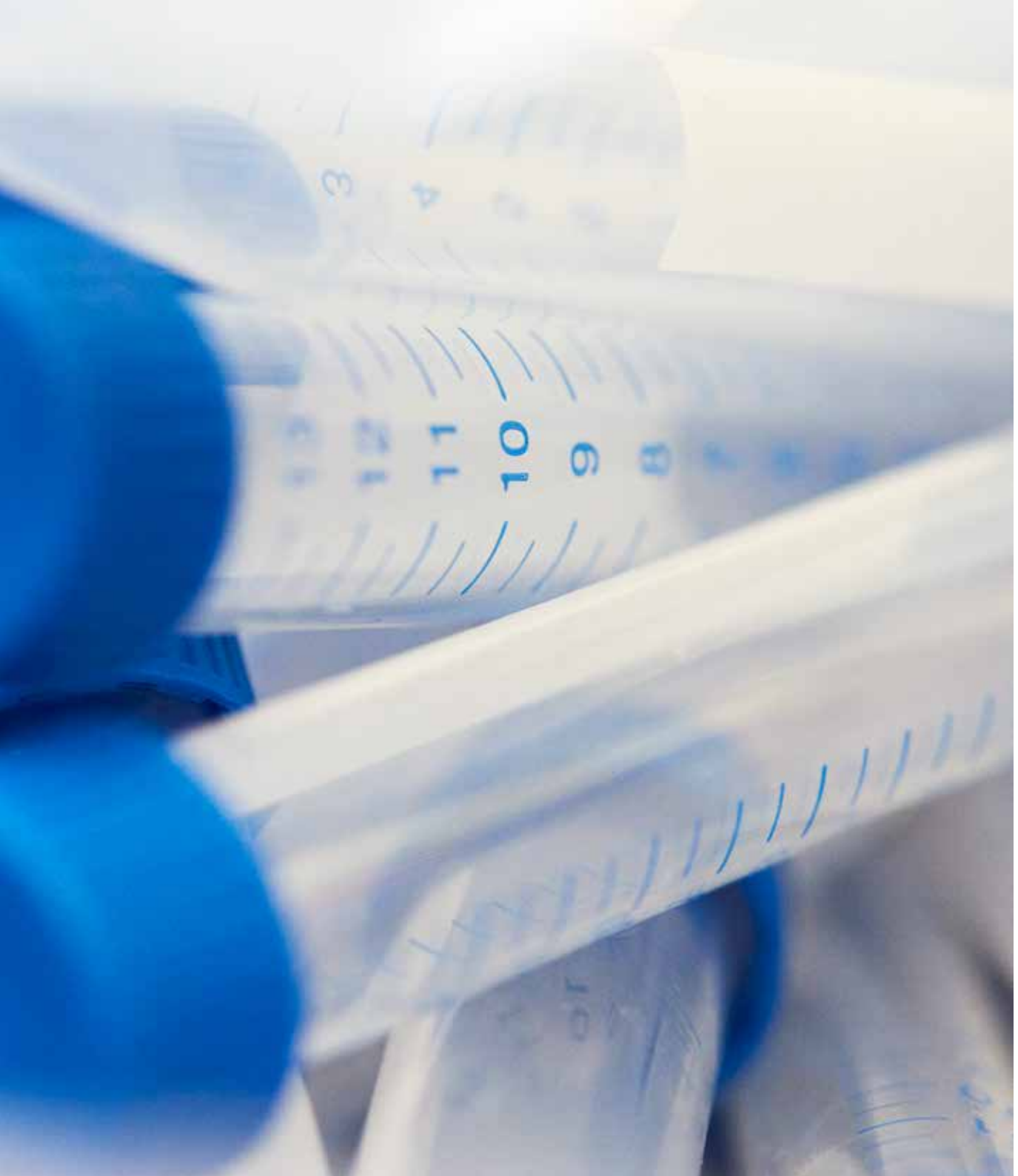
The following is a summary of some of Genmab's key risk areas and how we attempt to address and mitigate such risks. Environmental and ethical risks are covered in Genmab's statutory report on Corporate Social Responsibility.

Risk Related to	Risk Areas	Mitigation	Risk Trend
Business	Identification and development of successful technologies and products, expensive, time-consuming clinical trials with uncertain outcome and risk of failure	Genmab has established various committees to ensure optimal selection of disease targets and antibody candidates and to monitor progress. We strive to have a well-balanced product pipeline and continue to identify and search for new product candidates and closely follow the market.	=
	Dependent on development and access to new technologies such as ADC technology including exposure to safety issues related to use thereof	Genmab strives to continue its development of new technologies such as the DuoBody and HexaBody platforms and gain access to competitive new technologies such as ADC technology. We closely monitor our clinical trials to mitigate any unforeseen safety issues associated with the use of ADC technology.	=
	Genmab faces immense competition and rapid technological change, which may result in others discovering, developing or commercializing competing products before or more successfully than we do	From early in the research phase and throughout development, commercial potential and risks are assessed to ensure that final products have the potential to be commercially viable. Genmab attempts to control commercial risks by monitoring and evaluating current market conditions, competing products and new technologies and to potentially gain access. Genmab strives to ensure market exclusivity for its own technologies and products by seeking patent protection.	=
	Dependent on pricing/public reimbursement	Genmab strives to develop differentiated, cost-effective products that may obtain price reimbursement by government health care programs and private health insurers.	^
	Exposure to product liability claims	A product liability claim could materially affect our business and financial position and Genmab therefore maintains product liability insurance for our clinical trials and other coverage required under applicable laws.	=
	Mid-term prospects are substantially dependent on clinical and commercial success of DARZALEX	Genmab focuses on its three-pronged strategy to develop a broad pipeline of unique best-in-class or first-in-class antibodies with significant commercial potential. In addition, Genmab maintains a strong cash position, disciplined financial management, and a flexible and capital efficient business model to mitigate potential setbacks for DARZALEX.	^
	If we are unable to manage Genmab's fast-paced growth, our business, financial condition, and net results may be adversely affected	Genmab continues to experience significant growth in the number of our employees and in the scope of our operations, including the continued expansion of our product pipeline. Genmab must continue to improve existing operational and financial systems, procedures and controls. Genmab must expand, train and manage our growing employee base, and we expect that we may need to increase our management personnel to oversee our expanding operations.	★
Strategic collaborations	Dependent on partnerships with major pharmaceutical or biotech companies to support our business and develop and commercialize our products	Our business may suffer if our collaboration partners do not devote sufficient resources to our programs and products or do not successfully maintain, defend and enforce their intellectual property rights. Genmab strives to be an attractive and respected collaboration partner and pursues a close and open dialogue with our partners to share ideas and best practices within clinical development to increase the likelihood that we reach our goals.	=
	Dependent on contract manufacturing organizations and clinical research organizations to conduct our clinical trials	Genmab oversees outsourcing relationships to ensure consistency with strategic objectives and service provider compliance with regulatory requirements, resources and performance. This includes assessment of contingency plans, availability of alternative service providers, and costs and resources required to switch service providers.	=

Risk level in relation to last year: ★ New = Unchanged ^ Increased v Decreased

Risk Related to	Risk Areas	Mitigation	Risk Trend
Regulation and legislation	Subject to extensive regulatory and other legal requirements both during clinical development and post-marketing approval, including healthcare laws and regulations as well as data protection regulations	To ensure compliance with regulatory and other legal requirements including current Good Laboratory Practices (cGLP), current Good Clinical Practices (cGCP) and current Good Manufacturing Practices (cGMP), Genmab has established a quality assurance department and makes every effort to stay abreast of regulatory changes to legislation to ensure compliance. To ensure compliance with applicable healthcare laws and regulations as well as data protection regulations, Genmab has established relevant policies and guidelines with mandatory training.	=
	Legislation, regulations and practices may change from time to time and we may receive warnings from regulatory authorities regarding use in certain patient populations	To prevent unwarranted consequences of new and amended legislation, regulations etc., Genmab strives to be up to date with all relevant new legislation, regulations and practices by means of internal as well as external legal counsel. Also, internal procedures for review of contracts have been implemented to ensure contractual consistency and compliance with legislation and regulation.	=
Intellectual property	Dependent on protecting own intellectual property rights and avoiding infringement of third party intellectual property rights	Genmab files and prosecutes patent applications to optimally protect its products and technologies. To protect trade secrets and technologies, Genmab maintains strict confidentiality standards and agreements for employees and collaborating parties. Genmab actively monitors third party patent positions within our relevant fields to secure freedom-to-operate for our products and technologies to avoid violating any third party patent rights. Genmab is involved in a legal proceeding including a patent dispute relating to the manufacture, use and sale of DARZALEX. Genmab's management disagrees with the allegations made. For further details on the legal matter, refer to note 5.5 of the financial statements.	=
Finances	Genmab may need additional funding	Because Genmab's future commercial potential and operating results are hard to predict, Genmab's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence, and a continuous advancement of Genmab's product pipeline and business in general.	⌄
	Genmab is exposed to different kinds of financial risks, including currency exposure and changes in interest rates	The financial risks of the Genmab group are managed centrally. Group financial risk management guidelines have been established to identify and analyze the risks faced by the Genmab group, to set the appropriate risk limits and controls and to monitor the risks and adherence to limits. For further details, refer to note 4.2 of the financial statements.	=
Management and workforce	Inability to attract and retain suitably qualified personnel	To attract and retain our highly skilled workforce, including the members of Genmab's Senior Leadership, Genmab offers competitive remuneration packages, including share-based remuneration. For further details on share-based remuneration, refer to note 4.6 of the financial statements.	=
Cyber security	Theft of intellectual property rights, sensitive business data, personal employee data, or private patient data, which may result in monetary losses or fines and penalties from authorities, could stem from the result of malicious hacking activities	Genmab educates its organization in methods to address exposure to cyber security threats and actively works to improve the technical ability to protect against, detect and respond to attempts to enter its IT infrastructure.	★

Risk level in relation to last year: ★ New = Unchanged ⌃ Increased ⌄ Decreased



Financial Review

The financial statements are prepared on a consolidated basis for the Genmab group and are published in Danish Kroner (DKK).

RESULT FOR THE YEAR

Result and Guidance for 2017 (MDKK)	Latest Guidance	Actual
Revenue	2,240 – 2,440	2,365
Operating expenses	(1,000) – (1,100)	(1,021)
Operating income	1,190 – 1,390	1,344
Cash position at end of year*	>4,900	5,423

*Cash, cash equivalents and marketable securities

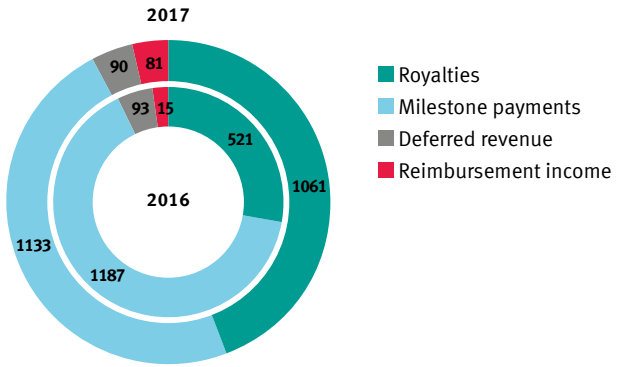
Overall, our financial performance is in line with the latest guidance published on November 29, 2017.

REVENUE

Genmab's revenue was DKK 2,365 million in 2017 compared to DKK 1,816 million in 2016. The increase of DKK 549 million, or 30%, was mainly driven by higher royalty revenue under our daratumumab collaboration with Janssen. Total royalties were 45% of total revenue in 2017 compared to 29% in 2016.

Split of Revenue

MDKK



Royalties

Royalty income amounted to DKK 1,061 million in 2017 compared to DKK 521 million in 2016. The increase of DKK 540 million was driven by higher DARZALEX royalties, which were partly offset by lower Arzerra royalties.

Net sales of DARZALEX by Janssen were USD 1,242 million in 2017 compared to USD 572 million in 2016. The increase of USD 670 million, or 117%, was driven by strong uptake following the regulatory approvals in the U.S. and EU. Royalty income on net sales of DARZALEX was DKK 1,013 million in 2017 compared to DKK 458 million in 2016, an increase of DKK 555 million, or 121%. During the third quarter of 2017, the royalty rate on net sales of DARZALEX moved into the next royalty tier, which is 13% on net sales exceeding USD 750 million in a calendar year.

Novartis' net sales of Arzerra were USD 36 million in 2017 compared to USD 46 million in 2016. The decrease of USD 10 million, or 22%, was due to continued competition in the refractory CLL market. Royalty income on net sales of Arzerra was DKK 48 million in 2017 compared to DKK 63 million in 2016, a decrease of DKK 15 million.

Milestone Payments

Genmab achieved milestone payments totaling DKK 1,133 million in 2017 compared to DKK 1,187 million in 2016. The decrease of DKK 54 million, or 5%, was mainly driven by the decrease in milestones under our DuoBody collaboration with Janssen. Milestone income may fluctuate significantly from period to period due to both the timing of achievements and the varying amount of each individual milestone under our collaboration agreements.

Deferred Revenue

During 2017, deferred revenue amounted to DKK 90 million compared to DKK 93 million in 2016. The deferred revenue is related to our collaboration agreements and is recognized in the income statement on a straight line basis over planned development periods. As of December 31, 2017, DKK 151 million was included as deferred income in the balance sheet. Please refer to note 2.1 of the financial statements for further details about the accounting treatment of deferred revenue.

Reimbursement Income

Reimbursement income, mainly comprised of the reimbursement of certain research and development costs related to the development work under Genmab's collaboration agreements, amounted to DKK 81 million in 2017 compared to DKK 15 million in 2016. The increase of DKK 66 million was driven by our collaboration agreements with Seattle Genetics and BioNTech. Seattle Genetics exercised its option to co-develop & co-commercialize tisotumab vedotin in 2017 and preclinical projects under the BioNTech collaboration continue to advance.

OPERATING EXPENSES

Total operating expenses increased by DKK 258 million, or 34%, from DKK 763 million in 2016 to DKK 1,021 million in 2017.

Research and Development Costs

Research and development costs amounted to DKK 874 million in 2017 compared to DKK 661 million in 2016. The increase of DKK 213 million, or 32%, was driven by the advancement of tisotumab vedotin, the additional investment in our product pipeline, and the increase in research and development employees.

Research and development costs accounted for 86% of the total operating expenses in 2017 compared to 87% in 2016.

General and Administrative Expenses

General and administrative expenses were DKK 147 million in 2017 compared to DKK 102 million in 2016. The increase of DKK 45 million, or 44%, was driven by higher non-cash share-based compensation expenses and an increase in administrative employees and other support functions due to the expansion of our pipeline.

General and administrative expenses accounted for 14% of the total operating expenses in 2017 compared to 13% in 2016.

OPERATING RESULT

Operating income was DKK 1,344 million in 2017 compared to DKK 1,053 million in 2016. The improvement of DKK 291 million, or 28%, was driven by higher revenue, which was partly offset by increased operating expenses in 2017.

NET FINANCIAL ITEMS

The net financial items reflect a combination of interest income, unrealized and realized fair market value adjustments on our portfolio of marketable securities, as well as realized and unrealized foreign exchange adjustments.

Net financial items for 2017 were a net loss of DKK 280 million compared to a net income of DKK 77 million in 2016. The main driver for the variance between the two periods is foreign exchange movements that negatively impacted our USD denominated portfolio and cash holdings. The USD weakened significantly against the DKK during 2017, resulting in realized and unrealized exchange rate losses. More specifically the USD/DKK foreign exchange rate decreased from 7.0528 at December 31, 2016 to 6.2067 at December 31, 2017. Please refer to note 4.2 of the financial statements for more details about foreign currency risk and note 4.5 for further details about net financial items.

CORPORATE TAX

Corporate tax consists of current tax and the adjustment of deferred taxes during the year. The corporate tax income for 2017 was DKK 40 million compared to an income of DKK 57 million in 2016. The corporate tax income in 2017 was due to the partial reversal of valuation allowances on deferred tax assets related to future taxable income, resulting in a discrete tax benefit of DKK 286 million, which more than offset current and deferred tax expense of DKK 246 million. The corporate tax income in 2016 was due to the partial reversal of valuation allowances on deferred tax assets related to future taxable income, resulting in a discrete tax benefit of DKK 119 million, which more than offset current tax expense of DKK 62 million. Please refer to note 2.4 of the financial statements for further details about the corporate tax and deferred tax assets including management's significant judgments and estimates.

NET RESULT

Net result for 2017 was DKK 1,104 million compared to a net result of DKK 1,187 million in 2016. The decrease of DKK 83 million, or 7%, was driven by the items described above.

CASH POSITION & CASH FLOW

Cash Position	2017	2016
MDKK		
Cash and cash equivalents	1,348	307
Marketable securities	4,075	3,615
Cash position	**5,423**	**3,922**

As of December 31, 2017, Genmab's cash, cash equivalents, and marketable securities (cash position) amounted to DKK 5,423 million. This represents a net increase of DKK 1,501 million, or 38%, from the beginning of 2017, which was mainly driven by our operating income of DKK 1,344 million, and proceeds from the exercise of warrants of DKK 215 million.

Cash Flow	2017	2016
MDKK		
Cash provided by (used in) operating activities	1,589	328
Cash provided by (used in) investing activities	(668)	(1,015)
Cash provided by (used in) financing activities	215	91

Net cash provided by operating activities is primarily related to our operating result, working capital fluctuations, and changes in non-cash expenses, all of which may be highly variable period to period. The change in cash generated by operating activities is primarily related to an increase in operating income and positive working capital adjustments driven by the timing of milestone payments.

The change in cash used in investing activities primarily reflects differences between the proceeds received from sale and maturity of our investments and amounts invested. Purchases of marketable securities exceeded sales and maturities in both 2017 and 2016, which has resulted in significant growth in the marketable securities portion of the cash position.

Net cash provided by financing activities is primarily related to the proceeds from the exercise of warrants and treasury shares. During 2017, proceeds from the exercise of warrants were DKK 215 million. During 2016, proceeds from the exercise of warrants were DKK 209 million and the purchase of treasury shares were DKK 118 million.

Marketable securities are invested in highly secure, liquid and conservative investments with short effective maturity. As of December 31, 2017, 91% of our marketable securities had a triple A- rating, compared to 94% at December 31, 2016. The weighted average effective duration was approximately 1.6 years as of December 31, 2017 (2016: 1.4 years). Please refer to notes 4.2 and 4.4 for further details about our financial risks and marketable securities.

BALANCE SHEET

As of December 31, 2017, total assets were DKK 6,603 million, compared to DKK 5,238 million as of December 31, 2016. As of December 31, 2017, the assets were mainly comprised of the cash position of DKK 5,423 million and receivables of DKK 645 million. The receivables consist primarily of royalties and milestones from our collaboration agreements and non-interest bearing receivables, which are due less than one year from the balance sheet date, and corporate taxes receivable. The credit risk on receivables is considered to be limited. Please refer to note 3.3 for further information on receivables.

Shareholders' equity as of December 31, 2017 equaled DKK 6,272 million, compared to DKK 4,827 million at December 31, 2016. On December 31, 2017, Genmab's equity ratio was 95%, compared to 92% at the end of 2016. The increase was driven by our net income as well as proceeds from the exercise of warrants.

Shareholders and Share Information

Ownership

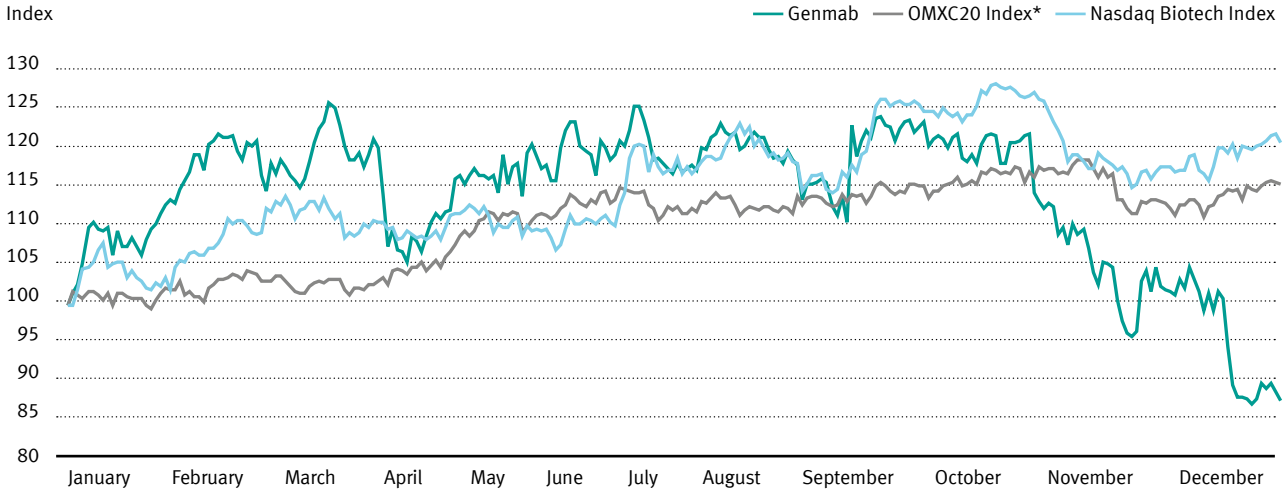
Genmab is listed on the Nasdaq Copenhagen A/S under the symbol GEN. Our communication with the capital markets complies with the disclosure rules and regulations of this exchange. Genmab is included in the OMXC25 index. As of December 31, 2017, the number of registered shareholders totaled 75,759 shareholders holding a total of 55,657,194 shares, which represented 90.96% of the total share capital of 61,185,674.

The following shareholders are registered in Genmab's register of shareholders as being the owners of a minimum of 5% of the voting rights or a minimum of 5% of the share capital (one share equals one vote) as of December 31, 2017: BlackRock, Inc.

Shareholders registered in the company's shareholder registry may sign up for electronic shareholder communications via Genmab's investor portal. The investor portal can be accessed at Genmab's website www.genmab.com. Electronic shareholder communication enables Genmab to, among other things, quickly and efficiently call general meetings.

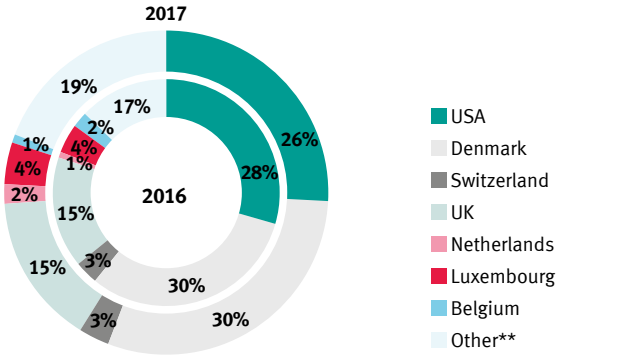
The following charts illustrate the performance of the Genmab share during 2017 and the geographical distribution of our shareholders. Please refer to note 4.7 for further details about Genmab's share capital including authorizations to issue shares and purchase its own shares.

Stock Performance Comparison 2017 (Index 100 = stock price on December 31, 2016)



* The OMXC20 Index changed to the OMXC25 Index in December 2017

Geographical Shareholder Distribution*



* Based on figures from the internal shareholder register per December 31, 2016 and December 31, 2017

** "Other" includes shares held in other countries and shares not held in nominee accounts, including OTC traded shares

American Depositary Receipt (ADR) Program

Genmab has a sponsored Level 1 ADR program with Deutsche Bank Trust Company Americas. An ADR is a share certificate representing ownership of shares in a non-U.S. corporation. ADRs are quoted and traded in US dollars on the over-the-counter (OTC) market in the U.S. Two Genmab ADRs correspond to one Genmab ordinary share. Genmab's ADR ticker symbol is GMXAY. For more information on Genmab's ADR Program, visit http://ir.genmab.com/adr.cfm.

Investor Relations (IR)

Genmab's Investor Relations and Communications department aims to ensure relevant, accurate and timely information is available to our investors and the financial community. We maintain an ongoing dialogue with sell-side equity analysts, as well as major institutional and retail shareholders. A list of the current analysts covering Genmab can be found at our website along with financial reports, company announcements, current presentations, fact sheets and other downloads, plus information for private and institutional shareholders.

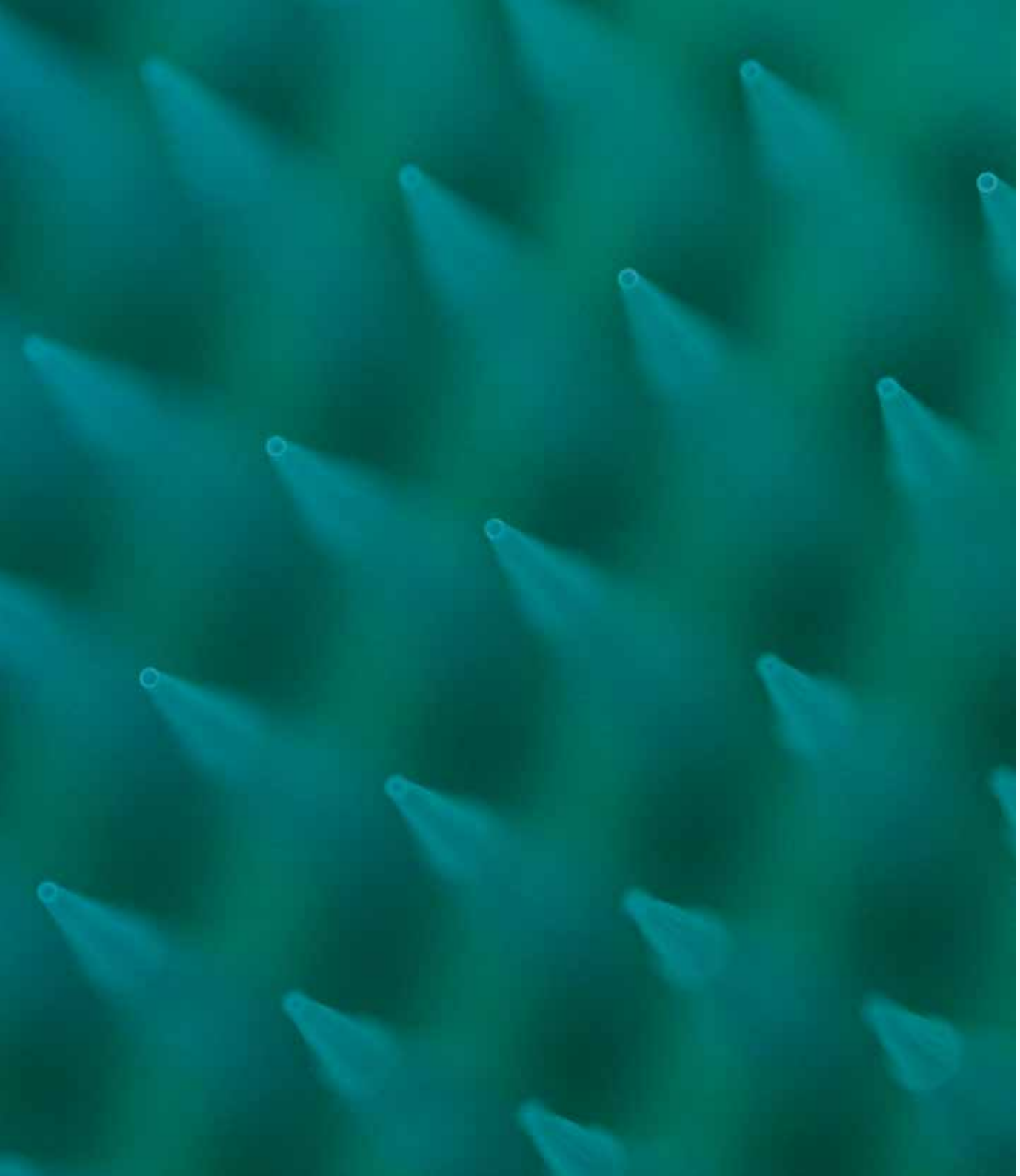
Annual General Meeting

The annual general meeting will be held on April 10, 2018 at 14:00 local time at:
Copenhagen Marriott Hotel
Kalvebod Brygge 5
DK-1560 Copenhagen V

Financial Calendar for 2018

Annual General Meeting 2018	Tuesday, April 10, 2018
Publication of the Interim Report for the first quarter 2018	Tuesday, May 8, 2018
Publication of the Interim Report for the first half 2018	Wednesday, August 8, 2018
Publication of the Interim Report for the first nine months 2018	Wednesday, November 14, 2018

This image shows automation technology for various high throughput molecular biology, genomics and proteomics research within antibody development, such as hybridoma screening, antibody cloning, protein productions, and antibody characterization.



Board of Directors

Mats Pettersson, B.Sc.
Swedish, 72, Male

Board Chairman; (Independent, elected by the General Meeting); Chairman of the Nominating & Corporate Governance Committee, Member of the Audit Committee and Compensation Committee
First elected 2013, current term expires 2018

Special Competences
Extensive experience from international research-based biotech and pharmaceutical companies. Founder and CEO of SOBI AB. Responsible for several transforming Business Development deals and member of various Executive management committees at Pharmacia.

Current Board Positions
Member: Magle Chemoswed AB

Anders Gersel Pedersen, M.D., Ph.D.
Danish, 66, Male

Deputy Chairman; (Non-independent, elected by the General Meeting); Chairman of the Compensation Committee and Member of the Scientific Committee
First elected 2003, current term expires 2018

Special Competences
Business and management experience in the pharmaceutical industry, including expertise in clinical research, development, regulatory affairs and product life cycle management.

Current Position, Including Managerial Positions
Executive Vice President, Research & Development at H. Lundbeck A/S

Current Board Positions
Member: ALK-Abelló A/S
Deputy Chairman: Bavarian Nordic A/S

Pernille Erenbjerg
Danish, 50, Female

Board Member (Independent, elected by the General Meeting); Chairman of the Audit Committee, Member of the Nominating & Corporate Governance Committee
First elected 2015, current term expires 2018

Special Competences
Senior executive management and broad business experience from the telecoms industry. Comprehensive all round background within finance including extensive exposure to stock markets, equity and debt investors. Certified Public Accountant background. Responsible for major transformation processes in complex organizations including M&A. Due to her experience and background within accounting, Pernille Erenbjerg qualifies as an audit committee financial expert.

Current Position, Including Managerial Positions
Group CEO and President of TDC A/S

Current Board Positions
Vice Chairman: DFDS A/S
Member: Nordea AB
Audit Committee Chairman: DFDS A/S
Audit Committee Member: Nordea AB

Paolo Paoletti, M.D.
Italian (U.S. Citizen), 67, Male

Board Member (Independent, elected by the General Meeting); Chairman of the Scientific Committee
First elected 2015, current term expires 2018

Special Competences
Extensive experience in research, development and commercialization in the pharmaceutical industry. Successfully conducted submissions and approvals of new cancer drugs and new indications in the USA and in Europe. Responsible for seven new medicines for cancer patients during his 10 years at GlaxoSmithKline and one new cancer medicine during his time at Eli Lilly.

Current Position, Including Managerial Positions
CEO for GammaDelta Therapeutics Limited

Current Board Positions
Chairman: PsiOxus Therapeutics Limited
Member: FORMA Therapeutics

Rolf Hoffmann
German, 58, Male

Board Member (Independent, elected by the General Meeting); Member of the Compensation Committee and the Scientific Committee
First elected 2017, current term expires 2018

Special Competences
Extensive international management experience with expertise in creating and optimizing commercial opportunities in global markets. Additional expertise in P&L management, governance and Corporate Integrity Agreement Management, compliance and organizational efficiency. Over 20 years experience in the international pharmaceutical and biotechnology industries at Eli Lilly and Amgen.

Current Position, Including Managerial Positions
Adjunct Professor Strategy and Entrepreneurship
University of North Carolina Business School

Current Board Positions
Chairman: Biotest AG
Member: Trigemina, Inc. and EUSA Pharma, Inc.

Deirdre P. Connelly
American, 57, Female

Board Member (Independent, elected by the General Meeting); Member of the Audit Committee & Corporate Governance Committee
First elected 2017, current term expires 2018

Special Competences
More than 30 years' experience as a corporate leader and extensive experience in corporate governance as a board member. Comprehensive experience with business turnaround, corporate culture transformation, product launch, and talent development. Successfully directed the launch of more than 20 new pharmaceutical drugs. Former President, North America Pharmaceuticals for GlaxoSmithKline.

Current Board Positions
Member: Macy's Inc. and Lincoln National Corporation

Rick Hibbert, MBA, Ph.D.
British, 38, Male

Board Member (Non-independent, elected by the employees)
First elected 2016, current term expires 2019

Special Competences
15 years' experience in the life-sciences sector, with expertise in down-stream processing, biochemistry and structural biology.

Current Position, Including Managerial Positions
Assistant Director, Protein Production and Chemistry at Genmab

Peter Storm Kristensen
Danish, 43, Male

Board Member (Non-independent, elected by the employees)
First elected 2016, current term expires 2019

Special Competences
Broad legal experience within the pharmaceutical industry with specialty in corporate law, securities law, human resources law as well as drafting and negotiating contracts in general.

Current Position, Including Managerial Positions
Associate Director, Legal at Genmab

Daniel J. Bruno
American, 38, Male

Board Member (Non-independent, elected by the employees)
First elected 2016, current term expires 2019

Special Competences
Certified Public Accountant background with extensive knowledge and experience in finance, technical accounting, corporate tax, and financial reporting in the life sciences industry.

Current Position, Including Managerial Positions
Vice President, Corporate Controller at Genmab

Senior Leadership

Jan G. J. van de Winkel, Ph.D.
Dutch, 56, Male

President & Chief Executive Officer

Special Competences
Extensive antibody creation and development expertise, broad knowledge of the biotechnology industry and executive management skills.

Current Board Positions
Member: Leo Pharma, Celdara Medical
Chairman: Hookipa Biotech
Scientific Advisory Board: Thuja Capital Healthcare Fund
Scientific Advisory Board: Capricorn Health-tech Fund

David A. Eatwell
British (U.S. Citizen), 57, Male

Executive Vice President & Chief Financial Officer

Special Competences
Broad international experience in finance, strategy and business management and in-depth knowledge of the pharmaceutical and biotechnology industries.

Judith Klimovsky, M.D.
Argentinian (U.S. Citizen), 60, Female

Executive Vice President & Chief Development Officer

Special Competences
Extensive expertise in oncology drug development from early clinical stages through to marketing approval, experience in clinical practice and leading large teams in pharmaceutical organizations.

Birgitte Stephensen
Danish, 57, Female

Senior Vice President, IPR & Legal

Special Competences
Intellectual property and legal expertise in the biotechnology field.

Michael K. Bauer, Ph.D.
German, 54, Male

Senior Vice President, Clinical Development

Special Competences
Wide, international scientific and pharmaceutical industry background; significant experience in clinical drug development; cross-functional and cross-cultural strategic leadership.

Tahamtan Ahmadi, M.D., Ph.D.
Iranian-German (U.S. Citizen), 45, Male

Senior Vice President Oncology and Translational Medicine

Special Competences
Significant expertise in global regulatory and clinical drug development across entire spectrum from pre IND to life cycle management; drug discovery and translational research.

Rachel Curtis Gravesen
British, 49, Female

Senior Vice President, Investor Relations and Communications

Special Competences
Extensive experience in strategic communication, investor relations, corporate communication, healthcare communication, issues management, crisis communication, internal communication, employee engagement and change communication.

Anthony Pagano
American, 40, Male

Senior Vice President, Global Finance

Special Competences
Significant knowledge and experience in the life sciences industry particularly as relates to corporate finance, corporate development, strategic planning, general management, treasury, accounting and corporate governance.

Martine J. van Vugt, Ph.D.
Dutch, 47, Female

Senior Vice President Strategic Initiatives

Special Competences
Extensive knowledge and experience in portfolio, project and alliance management, identifying and leading corporate strategic initiatives, and business development operations related to corporate transactions and licensing.

Financial Statements

Introduction

The financial statements in the 2017 annual report are grouped into six sections:

- Primary Statements
- Basis of Presentation
- Results for the Year
- Operating Assets and Liabilities
- Capital Structure
- Financial Risk and Related Items
- Other Disclosures

Each note to the financial statements includes information about the accounting policies applied and significant management judgments and estimates in addition to the financial numbers. The statements of the parent company represent the stand alone financial statements of Genmab A/S. Unless specifically outlined in the related notes, the statements for the group and the parent company are identical.

Finally, the symbols I/S and B/S in the notes to the financial statements show which amounts can be found in the income statement or balance sheet, respectively. The aim of this structure and symbols is to provide the reader with a clearer understanding of Genmab's financial statements.

Table of Contents

Financial Statements

Primary Statements

I/S

Statement of Comprehensive Income

Income Statement	Note	Genmab Group 2017	Genmab Group 2016	Parent Company 2017	Parent Company 2016
		DKK'000	DKK'000	DKK'000	DKK'000
Revenue	2.1, 2.2	**2,365,436**	**1,816,122**	**2,373,951**	**1,890,133**
Research and development expenses	2.3, 3.1, 3.2	(874,278)	(660,876)	(761,248)	(585,939)
General and administrative expenses	2.3, 3.2	(146,987)	(102,413)	(125,818)	(104,199)
Operating expenses		**(1,021,265)**	**(763,289)**	**(887,066)**	**(690,138)**
Operating result		**1,344,171**	**1,052,833**	**1,486,885**	**1,199,995**
Financial income	4.5	71,699	86,609	72,974	88,318
Financial expenses	4.5	(352,150)	(9,225)	(351,768)	(9,155)
Net result before tax		**1,063,720**	**1,130,217**	**1,208,091**	**1,279,158**
Corporate tax	2.4	39,831	56,858	28,236	52,172
Net result		**1,103,551**	**1,187,075**	**1,236,327**	**1,331,330**
Basic net result per share	2.5	18.14	19.83	–	–
Diluted net result per share	2.5	17.77	19.22	–	–
Statement of Comprehensive Income					
Net result		**1,103,551**	**1,187,075**	**1,236,327**	**1,331,330**
Other comprehensive income:					
Amounts which will be re-classified to the income statement:					
Adjustment of foreign currency fluctuations on subsidiaries		(16,631)	4,235	–	–
Fair value adjustments of cash flow hedges:					
Fair value adjustments during the period		15,879	4,172	15,879	4,172
Fair value adjustments reclassified to the income statement to financial income		(20,051)	–	(20,051)	–
Total comprehensive income		**1,082,748**	**1,195,482**	**1,232,155**	**1,335,502**

Primary Statements

B/S

Balance Sheet

Assets

	Note	Genmab Group December 31, 2017	Genmab Group December 31, 2016	Parent Company December 31, 2017	Parent Company December 31, 2016
		DKK'000	DKK'000	DKK'000	DKK'000
Intangible assets	2.2, 3.1	124,395	181,895	97,092	148,162
Property, plant and equipment	2.2, 3.2	113,415	32,194	8,143	766
Equity interests in subsidiaries	5.3	–	–	911,290	431,149
Receivables	3.3	8,756	1,473	3,480	1,473
Deferred tax assets	2.4	296,949	125,035	275,440	113,784
Total non-current assets		**543,515**	**340,597**	**1,295,445**	**695,334**
Receivables	3.3	579,002	975,674	547,482	1,025,692
Corporate taxes receivable	2.4	57,688	–	57,688	–
Marketable securities	4.4	4,075,192	3,614,942	4,075,192	3,614,942
Cash and cash equivalents		1,347,545	307,023	1,220,433	282,728
Total current assets		**6,059,427**	**4,897,639**	**5,900,795**	**4,923,362**
Total assets		**6,602,942**	**5,238,236**	**7,196,240**	**5,618,696**

Shareholders' Equity and Liabilities

	Note	Genmab Group December 31, 2017	Genmab Group December 31, 2016	Parent Company December 31, 2017	Parent Company December 31, 2016
		DKK'000	DKK'000	DKK'000	DKK'000
Share capital	4.7	61,186	60,350	61,186	60,350
Share premium	4.7	7,983,652	7,769,577	7,983,652	7,769,577
Other reserves		82,080	102,883	–	4,172
Accumulated deficit		(1,854,726)	(3,106,114)	(1,323,739)	(2,707,961)
Total shareholders' equity		**6,272,192**	**4,826,696**	**6,721,099**	**5,126,138**
Provisions	3.4	1,200	–	1,200	–
Other payables	3.5	2,429	–	2,429	–
Total non-current liabilities		**3,629**	**–**	**3,629**	**–**
Provisions	3.4	–	1,433	–	1,433
Deferred income	2.1	150,648	228,150	150,648	228,150
Corporate taxes payable	2.4	–	61,612	–	61,612
Other payables	3.5	176,473	120,345	320,864	201,363
Total current liabilities		**327,121**	**411,540**	**471,512**	**492,558**
Total liabilities		**330,750**	**411,540**	**475,141**	**492,558**
Total shareholders' equity and liabilities		**6,602,942**	**5,238,236**	**7,196,240**	**5,618,696**

Primary Statements Statement of Cash Flows

Statement of Cash Flows		Genmab Group		Parent Company	
	Note	2017	2016	2017	2016
		DKK'000	DKK'000	DKK'000	DKK'000
Cash flows from operating activities:					
Net result before tax		**1,063,720**	**1,130,217**	**1,208,091**	**1,279,158**
Reversal of financial items, net	4.5	280,451	(77,384)	278,794	(79,163)
Adjustment for non-cash transactions	5.7	145,895	94,189	76,535	43,693
Change in working capital	5.7	239,646	(858,871)	224,376	(816,885)
Cash generated by operating activities before financial items		**1,729,712**	**288,151**	**1,787,796**	**426,803**
Financial interest received		42,943	33,920	42,866	33,712
Financial expenses paid		(2,802)	(213)	(2,802)	–
Corporate taxes received/(paid)		(180,881)	5,861	(180,866)	5,875
Net cash generated by operating activities		**1,588,972**	**327,719**	**1,646,994**	**466,390**
Cash flows from investing activities:					
Investment in intangible assets	3.1	–	(20,855)	–	(20,855)
Investment in tangible assets	3.2	(88,510)	(12,254)	(8,853)	(186)
Transactions with subsidiaries		–	–	(256,407)	(153,989)
Marketable securities bought	4.4	(3,425,025)	(3,008,484)	(3,425,025)	(3,008,484)
Marketable securities sold		2,845,961	2,027,054	2,845,961	2,027,054
Net cash used in investing activities		**(667,574)**	**(1,014,539)**	**844,324**	**(1,156,460)**
Cash flows from financing activities:					
Shares issued for cash		836	819	836	819
Purchase of treasury shares		–	(118,099)	–	(118,099)
Exercise of warrants		214,075	208,586	214,075	208,586
Paid installments on lease liabilities		–	(118)	–	–
Net cash from financing activities		**214,911**	**91,188**	**214,911**	**91,306**
Changes in cash and cash equivalents		**1,136,309**	**(595,632)**	**1,017,581**	**(598,764)**
Cash and cash equivalents at the beginning of the period		307,023	873,986	282,728	856,279
Exchange rate adjustments		(95,787)	28,669	(79,876)	25,213
Cash and cash equivalents at the end of the period		**1,347,545**	**307,023**	**1,220,433**	**282,728**
Cash and cash equivalents include:					
Bank deposits and petty cash		1,347,545	307,023	1,220,433	282,728
Cash and cash equivalents at the end of the period		**1,347,545**	**307,023**	**1,220,433**	**282,728**

Primary Statements
Statement of Changes in Equity

Genmab Group	Number of Shares	Share Capital	Share Premium	Translation Reserves	Cash Flow Hedges	Accumulated Deficit	Shareholders' Equity
		DKK'000	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Balance at December 31, 2015	**59,531,263**	**59,531**	**7,560,991**	**94,476**	**–**	**(4,228,278)**	**3,486,720**
Net result	–	–	–	–	–	1,187,075	1,187,075
Other comprehensive income	–	–	–	4,235	4,172	–	8,407
Total comprehensive income	–	–	–	4,235	4,172	1,187,075	1,195,482
Transactions with owners:							
Exercise of warrants	818,793	819	208,586	–	–	–	209,405
Purchase of treasury shares	–	–	–	–	–	(118,099)	(118,099)
Share-based compensation expenses	–	–	–	–	–	53,188	53,188
B/S **Balance at December 31, 2016**	**60,350,056**	**60,350**	**7,769,577**	**98,711**	**4,172**	**(3,106,114)**	**4,826,696**
Net result	–	–	–	–	–	1,103,551	1,103,551
Other comprehensive income	–	–	–	(16,631)	(4,172)	–	(20,803)
Total comprehensive income	–	–	–	(16,631)	(4,172)	1,103,551	1,082,748
Transactions with owners:							
Exercise of warrants	835,618	836	214,075	–	–	–	214,911
Share-based compensation expenses	–	–	–	–	–	75,985	75,985
Tax on items recognized directly in equity	–	–	–	–	–	71,852	71,852
B/S **Balance at December 31, 2017**	**61,185,674**	**61,186**	**7,983,652**	**82,080**	–	**(1,854,726)**	**6,272,192**

Parent Company	Number of Shares	Share Capital	Share Premium	Translation Reserves	Cash flow Hedges	Accumulated Deficit	Shareholders' Equity
		DKK'000	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Balance at December 31, 2015	**59,531,263**	**59,531**	**7,560,991**	**–**	**–**	**(3,974,380)**	**3,646,142**
Net result	–	–	–	–	–	1,331,330	1,331,330
Other comprehensive income	–	–	–	–	4,172	–	4,172
Total comprehensive income	–	–	–	–	4,172	1,331,330	1,335,502
Transactions with owners:							
Exercise of warrants	818,793	819	208,586	**–**	**–**	**–**	209,405
Purchase of treasury shares	**–**	**–**	**–**	**–**	**–**	(118,099)	(118,099)
Share-based compensation expenses	**–**	**–**	**–**	**–**	**–**	53,188	53,188
B/S **Balance at December 31, 2016**	**60,350,056**	**60,350**	**7,769,577**	**–**	**4,172**	**(2,707,961)**	**5,126,138**
Net result	–	–	–	–	**–**	1,236,327	1,236,327
Other comprehensive income	–	–	–	–	(4,172)	–	(4,172)
Total comprehensive income	–	–	–	–	(4,172)	1,236,327	1,232,155
Transactions with owners:							
Exercise of warrants	835,618	836	214,075	–	–	–	214,911
Share-based compensation expenses	–	–	–	–	–	75,985	75,985
Tax on items recognized directly in equity	–	–	–	–	–	71,910	71,910
B/S **Balance at December 31, 2017**	**61,185,674**	**61,186**	**7,983,652**	**–**	**–**	**(1,323,739)**	**6,721,099**

Section 1
Basis of Presentation

This section describes Genmab's financial accounting policies including management's judgments and estimates under International Financial Reporting Standards (IFRS). New or revised EU endorsed accounting standards and interpretations are described, in addition to how these changes are expected to impact the financial performance and reporting of the Genmab group.

Genmab describes the accounting policies in conjunction with each note with the aim to provide a more understandable description of each accounting area. The description of the accounting policies in the notes are part of the complete description of Genmab's accounting policies.

1.1
Accounting Policies

The financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (IASB), and with the IFRS as endorsed by the EU and additional Danish disclosure requirements for annual reports of listed companies. Except as outlined in note 1.2, the financial statements have been prepared using the same accounting policies as 2016.

Please refer to the overview below to see in which note/section the detailed accounting policy is included.

§ Accounting Policies

Section 2 – Results for the Year

2.1 Revenue
2.2 Information about Geographical Areas
2.3 Staff Costs
2.4 Corporate and Deferred Tax
2.5 Result per Share

Section 3 – Operating Assets and Liabilities

3.1 Intangible Assets
3.2 Property, Plant and Equipment
3.3 Receivables
3.4 Provisions
3.5 Other Payables

Section 4 – Capital Structure, Financial Risk and Related Items

4.3 Financial Assets and Liabilities
4.4 Marketable Securities
4.5 Financial Income and Expenses

Section 5 – Other Disclosures

5.3 Equity Interests in Subsidiaries
5.4 Commitments
5.5 Contingent Assets, Contingent Liabilities and Subsequent Events

Materiality

The group's annual report is based on the concept of materiality and the group focuses on information that is considered material and relevant to the users of the consolidated financial statements. The consolidated financial statements consist of a large number of transactions. These transactions are aggregated into classes according to their nature or function and presented in classes of similar items in the consolidated financial statements as required by IFRS and Danish disclosure requirements for listed companies. If items are individually immaterial, they are aggregated with other items of similar nature in the financial statements or in the notes.

The disclosure requirements are substantial in IFRS and for Danish listed companies and the group provides these specific required disclosures unless the information is considered immaterial to the economic decision-making of the readers of the financial statements or not applicable.

Consolidated Financial Statements

The consolidated financial statements include Genmab A/S (the parent company) and subsidiaries over which the parent company has control. The parent controls a subsidiary when the parent is exposed to, or has rights to, variable returns

from its involvement with the subsidiary and has the ability to affect those returns through its power to direct the activities of the subsidiary. A group overview is included in note 5.3.

The group's consolidated financial statements have been prepared on the basis of the financial statements of the parent company and subsidiaries – prepared under the group's accounting policies – by combining similar accounting items on a line-by-line basis. On consolidation, intercompany income and expenses, intercompany receivables and payables, and unrealized gains and losses on transactions between the consolidated companies are eliminated.

There was no change in the scope of consolidation during 2017 and 2016.

The recorded value of the equity interests in the consolidated subsidiaries is eliminated with the proportionate share of the subsidiaries' equity. Subsidiaries are consolidated from the date when control is transferred to the group.

The income statements for subsidiaries with a different functional currency than the group presentation currency are translated into the group's presentation currency at the year's weighted average exchange rate, and the balance sheets are translated at the exchange rate in effect at the balance sheet date. Exchange rate differences arising from the translation of foreign subsidiaries shareholders' equity at the beginning of the year and exchange rate differences arising as a result of foreign subsidiaries' income statements being translated at average exchange rates are recorded in translation reserves in shareholders' equity. Translation reserves cannot be used for distribution.

Functional and Presentation Currency

The financial statements have been prepared in Danish Kroner (DKK), which is the functional and presentation currency of the parent company. The financial statements have been rounded to the nearest thousand.

Foreign Currency

Transactions in foreign currencies are translated at the exchange rates in effect at the date of the transaction.

Exchange rate gains and losses arising between the transaction date and the settlement date are recognized in the income statement as financial items.

Unsettled monetary assets and liabilities in foreign currencies are translated at the exchange rates in effect at the balance sheet date. Exchange rate gains and losses arising between the transaction date and the balance sheet date are recognized in the income statement as financial items.

Classification of Operating Expenses in the Income Statement

Research and Development Expense

Research and development expenses primarily include salaries, benefits and other employee related costs of our research and development staff, license costs, manufacturing costs, pre-clinical costs, clinical trials, contractors and outside service fees, amortization of licenses and rights, and depreciation and impairment of intangible assets and property, plant and equipment, to the extent that such costs are related to the group's research and development activities. Research and development activities are expensed as incurred. Please see note 3.1 for a more detailed description.

General and Administrative Expense

General and administrative expenses relate to the management and administration of the group. This includes salaries, benefits and other headcount costs related to management and support functions including human resources, information technology and the finance departments. In addition, depreciation and impairment of intangible assets and property, plant and equipment, to the extent such expenses are related to the administrative functions are also included. General and administrative expenses are recognized in the income statement in the period to which they relate.

Statement of Cash Flow

The cash flow statement is presented using the indirect method with basis in the net result before tax.

Cash flow from operating activities is stated as the net result adjusted for net financial items, non-cash operating items such as depreciation, amortization, impairment losses, share-based compensation expenses, provisions, and for changes in working capital, interest paid and received, and corporate taxes paid. Working capital mainly comprises changes in receivables, deferred income, provisions paid and other payables excluding the items included in cash and cash equivalents. Changes in non-current assets and liabilities are included in working capital, if related to the main revenue-producing activities of Genmab.

Cash flow from investing activities is comprised of cash flow from the purchase and sale of intangible assets and property, plant and equipment and financial assets as well as purchase and sale of marketable securities. The parent company's transactions with subsidiaries are included separately in the cash flow statement of the parent company.

Cash flow from financing activities is comprised of cash flow from the issuance of shares, if any, and payment of long-term loans including installments on lease liabilities.

Finance lease transactions are considered non-cash transactions.

Cash and cash equivalents comprise cash, bank deposits, and marketable securities with a maturity of three months or less on the date of acquisition.

The cash flow statement cannot be derived solely from the financial statements.

Derivative Financial Instruments and Hedging Activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognizing the

resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The group designates certain derivatives as either:

- Fair value hedge (hedges of the fair value of recognized assets or liabilities or a firm commitment); or
- Cash flow hedge (hedges of a particular risk associated with a recognized asset or liability or a highly probable forecast transaction).

There were no hedges of currency exposure in subsidiaries in 2017 and 2016.

At the inception of a transaction, the group documents the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Movements on the hedging reserve in other comprehensive income are shown as part of the statement of shareholders' equity. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Fair Value Hedge
Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that is attributable to the hedged risk.

Cash Flow Hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion and changes in time value of the derivative instrument is recognized immediately in the income statement within financial income or expenses.

Treasury Shares
The total amount paid to acquire treasury shares including directly attributable costs and the proceeds from the sale of treasury shares are recognized in accumulated deficit.

Collaboration Agreements
The group has entered into various collaboration agreements, primarily in connection with the group's research and development projects and the clinical testing of product candidates. The collaboration agreements are structured such that each party contributes its respective skills in the various phases of the development project and contain contractual terms regarding sharing of control over the relevant activities under the agreement. No joint control exists for the group's collaborations with Janssen and Novartis as they retain final decision making authority over the relevant activities. The group's collaboration agreements with BioNTech and Aduro Biotech may become subject to joint control if product candidates under the agreements are selected for joint clinical development as this would require unanimous consent of both parties on decisions related to the relevant activities. Under these agreements, joint clinical development may be selected on a product by product basis and would result in development cost and product ownership being shared equally going forward. These agreements also include provisions which will allow the parties to opt out of joint development at key points along the development timeline. An opt out by one of the parties would result in loss of joint control by the opt out party and the other party is entitled to continue developing the product on predetermined licensing terms. During 2017 Seattle Genetics exercised its option to co-develop & co-commercialize tisotumab vedotin.

All costs and profits for tisotumab vedotin will be shared on a 50:50 basis and joint control exists over the relevant activities. Accordingly, only the tisotumab vedotin collaboration with Seattle Genetics is considered a joint operation under IFRS 11, "*Joint Arrangements*." Revenues, expenses, receivables, and payables in connection with our collaboration agreements are included in the related financial statement lines and footnotes.

1.2 New Accounting Policies and Disclosures

New Accounting Policies and Disclosures for 2017
Genmab has, with effect from January 1, 2017, implemented the amendments to IAS 7 and IAS 12. The implementation has not impacted the recognition and measurement of Genmab's assets and liabilities.

New Accounting Policies and Disclosures Effective in 2018 or later
The IASB has issued, and the EU has endorsed, a number of new standards and updated some existing standards, the majority of which are effective for accounting periods beginning on January 1, 2018 or later. Therefore, they are not incorporated in the consolidated financial statements. Only standards and interpretations of relevance for the Genmab group, and in general are expected to change current accounting regulation most significantly are described below.

The IASB has issued IFRS 15 *"Revenue from contracts with customers"*, with an effective date of January 1, 2018. It was endorsed by the EU in third quarter of 2016. Entities will apply a five step model to determine when, how and at what amount of revenue is to be recognized depending on whether certain criteria are met. This is different from the current accounting standards based on the transfer of risks and rewards. The standard permits either a full retrospective or a modified retrospective approach for the adoption. The

IASB issued Clarifications to IFRS 15 *"Amendments to IFRS 15 – Clarifications to IFRS 15 Revenue from Contracts with Customers"*, with an effective date of January 1, 2018. It was endorsed by the EU in the fourth quarter of 2017. The clarifications address how to identify the performance obligations in a contract, how to determine whether a party involved in a transaction is the principal or the agent, how to determine whether a license provides the customer with a right to access or a right to use the entity's intellectual property, and added practical expedients to the transition requirements of IFRS 15. Genmab will adopt IFRS 15 on the effective date utilizing the modified retrospective method. Genmab has performed its analysis of the adoption of IFRS 15 and determined the adoption will have the following impact to our revenue recognition for our collaboration agreements:

- Changes in revenue recognition for licenses of functional intellectual property resulted in a timing difference of revenue recognition between current accounting standards and IFRS 15. For certain of our agreements, the value associated with the licenses and certain other deliverables had been assessed as one unit of accounting and recognized over a period of time pursuant to revenue recognition guidance in effect at time of such agreements. Under IFRS 15, the licenses of functional intellectual property were determined to be distinct from other deliverables and the customers obtained the right to use the functional intellectual property on the effective date of the agreements when control transferred. This timing difference of revenue recognition will result in the deferred revenue balance of DKK 151 million as of December 31, 2017 being reclassified to accumulated deficit (a concept known as "lost revenue") in the first quarter of 2018 as a transition adjustment.

- For milestone payments, under current accounting standards, we recognize such payments as revenue in the period that the payment-triggering event occurred or is achieved. IFRS 15 may require Genmab to recognize such payments as revenue before the payment-triggering event is completely achieved, subject to management's assessment of whether it is highly probable that the triggering event will be achieved and that a significant reversal in the amount of cumulative revenue recognized will not occur.

- Sales-based royalties and commercial sales-based milestones will be recognized in the period to which the sales relate based on estimates provided by collaborations partners which is consistent with Genmab's current accounting policies.

The IASB has issued IFRS 9 *"Financial Instruments"*, with an effective date of January 1, 2018. It was endorsed by the EU in the fourth quarter of 2016. IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, new rules for hedge accounting and a new impairment model for financial assets. The new standard also introduces expanded disclosure requirements. Genmab has performed its analysis of the adoption of IFRS 9 and determined it will not have a material impact on the consolidated financial statements. Genmab will adopt IFRS 9 on the effective date.

The IASB has issued IFRS 16 *"Leasing"*, with an effective date of January 1, 2019. It was endorsed by the EU in the fourth quarter of 2017. The standard requires that all leases be recognized in the balance sheet with a corresponding lease liability, except for short term assets and minor assets. Leased assets are amortized over the lease term, and payments are allocated between installments on the lease obligation and interest expense, classified as financial items. Genmab is currently evaluating the guidance to determine the potential impact on the consolidated financial statements and thus far has identified that the most significant impact will be the recognition of new assets and liabilities for its non-cancellable operating leases of office and research facilities disclosed in note 5.4. However, Genmab has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect Genmab's profit and classification of cash flows. Genmab plans to adopt IFRS 16 on the effective date.

1.3 Management's Judgments and Estimates under IFRS

In preparing financial statements under IFRS, certain provisions in the standards require management's judgments, including various accounting estimates and assumptions. Such judgments are considered important to understand the accounting policies and Genmab's compliance with the standards.

Determining the carrying amount of some assets and liabilities requires judgments, estimates and assumptions concerning future events that are based on historical experience and other factors, which by their very nature are associated with uncertainty and unpredictability.

These assumptions may prove incomplete or incorrect, and unexpected events or circumstances may arise. The Genmab group is also subject to risks and uncertainties which may lead actual results to differ from these estimates, both positively and negatively. Specific risks for the Genmab group are discussed in the relevant section of the management's review and in the notes to the financial statements.

The areas involving a high degree of judgment and estimation that are significant to the financial statements are described in more detail in the related sections/notes.

2.1 Revenue Recognition	2.3 Share-based Compensation
2.4 Deferred Tax Assets	3.1 Research and Development Costs

Section 2
Results for the Year

This section includes disclosures related to revenue, information about geographical areas, staff costs, taxation and result per share. A detailed description of the results for the year is provided in the Financial Review section in the Management's Review.

Research and development costs are described in note 3.1.

2.1
Revenue

	Genmab Group		Parent Company	
	2017	2016	2017	2016
	DKK'000	DKK'000	DKK'000	DKK'000
Revenue:				
Royalties	1,060,700	521,075	1,060,700	521,075
Milestone payments	1,133,316	1,187,244	1,133,316	1,187,244
Deferred revenue	90,065	92,572	90,065	92,572
Reimbursement income	81,355	15,231	89,870	89,242
I/S **Total**	**2,365,436**	**1,816,122**	**2,373,951**	**1,890,133**
Revenue split by collaboration partner:				
Janssen (Daratumumab & DuoBody)	2,214,040	1,726,433	2,214,040	1,726,433
Novartis (Ofatumumab)	48,061	63,589	48,061	63,589
Other collaboration partners	103,335	26,100	111,850	100,111
I/S **Total**	**2,365,436**	**1,816,122**	**2,373,951**	**1,890,133**

Revenue may vary from period to period as revenue comprises royalties, milestone payments, deferred revenue and reimbursement of certain research and development costs under Genmab's collaboration agreements.

§ Accounting Policies

Revenue is recognized when it is probable that future economic benefits will flow to the group and these benefits can be measured reliably and is expected to be received. Further, revenue recognition requires that all significant risks and rewards in the transaction have been transferred to the buyer.

Royalty income from licenses is based on third-party sales of licensed products and is recognized in accordance with contract terms when third-party results are available and are deemed to be reliable. Royalty estimates are made in advance of amounts collected using preliminary sales data received from the third party.

Milestone payments related to reaching particular stages in product development are recognized immediately if a separate earnings process relative to the milestone payment has been completed and achieved. This determination is judgmental and assessments made by management include, among other items, consideration of the efforts made in achieving a milestone, e.g., the level, skill, and expertise of the personnel involved, as well as the costs incurred. The milestone events must have real substance and they must represent achievement of specific defined goals. In addition, the associated risks related to the achievement of each milestone are evaluated and compared to all milestone payments designated under the collaboration agreement.

Deferred income reflects the part of revenue that has not been recognized as income immediately on receipt of payment and which concerns agreements with multiple components that cannot be separated. Upfront payments that are deemed attributable to subsequent research and development work are initially recognized as deferred income and recognized and allocated as revenue over the planned development period. This judgment is made when entering the agreement and is based on development budgets and plans. The planned development period is assessed on an ongoing basis. If the expected development period is changed significantly, this will require a reassessment of the allocation period. The allocation periods have not been changed in 2017 and 2016 for any of our collaborations. Deferred income is measured at nominal value.

Revenue from research and development activities is considered as rendering of services.

Upfront Payments and Deferred Income

During 2017, Genmab entered into a second commercial license agreement with Novo Nordisk A/S granting use of the DuoBody technology platform. Genmab received an upfront payment of USD 2 million, which was deferred and amortized over the planned development period.

During 2016, Genmab entered into a commercial license agreement with Gilead Sciences, Inc. granting use of the DuoBody technology platform. Genmab received an upfront payment of USD 5 million, which was deferred and amortized over the planned development period.

			2017	2016
			DKK'000	DKK'000
Deferred Income Split by Collaboration Partner:	**Amortization Period (months)**	**Amortization Ends (year)**		
Janssen (Daratumumab)	84	2019	103,677	165,883
Janssen (DuoBody)	Up to 60	2020	11,384	24,569
Gilead Sciences (DuoBody)	36	2019	17,819	28,904
Novo Nordisk (DuoBody)	Up to 48	2021	17,768	8,794
B/S **Total**			**150,648**	**228,150**

The deferred revenue balance of DKK 151 million as of December 31, 2017 will be reclassified to accumulated deficit in the first quarter of 2018 as a transition adjustment due to the adoption of IFRS 15. For information regarding the impact of the adoption of IFRS 15, please refer to note 1.2.

Management's Judgments and Estimates

Evaluating the criteria for revenue recognition with respect to the group's research and development, license, and collaboration agreements requires management's judgment to ensure that all criteria have been fulfilled prior to recognizing any amount of revenue. In particular, such judgments are made with respect to determination of the nature of transactions, whether simultaneous transactions shall be considered as one or more revenue-generating transactions, allocation of the contractual price (upfront and milestone payments and obtained share premium to the market value on shares subscribed in connection with a collaboration agreement) to several elements included in an agreement, and the determination of whether the significant risks and rewards have been transferred to the buyer.

Collaboration agreements are reviewed carefully to understand the nature of risks and rewards of the arrangement. All of the group's revenue-generating transactions have been subject to such evaluation by management.

2.2
Information about Geographical Areas

The Genmab group is managed and operated as one business unit, which is reflected in the organizational structure and internal reporting. No separate lines of business or separate business entities have been identified with respect to any of the product candidates or geographical markets and no segment information is currently disclosed in the internal reporting.

Accordingly, it has been concluded that it is not relevant to include segment disclosures in the financial statements as the group business activities are not organized on the basis of differences in related product and geographical areas.

	2017		2016	
	DKK'000	DKK'000	DKK'000	DKK'000
	Revenue	Non-current Assets	Revenue	Non-current Assets
Denmark	2,365,436	105,235	1,816,122	148,928
Netherlands	–	126,886	–	65,078
USA	–	5,688	–	83
I/S B/S Total	2,365,436	237,809	1,816,122	214,089

§ Accounting Policies

Geographical information is presented for the Genmab group's revenue and non-current assets. Revenue is attributed to countries on the basis of the location of the legal entity holding the contract with the counterparty and operations. Non-current assets comprise intangible assets and property, plant and equipment.

2.3
Staff Costs

	Genmab Group		Parent Company	
	2017	2016	2017	2016
	DKK'000	DKK'000	DKK'000	DKK'000
Wages and salaries	230,720	166,091	85,606	66,731
Share-based compensation	75,985	53,188	23,989	18,312
Defined contribution plans	18,763	15,177	5,630	4,556
Other social security costs	17,723	12,147	414	356
Government grants	(64,007)	(40,112)	–	–
Total	**279,184**	**206,491**	**115,639**	**89,955**
Staff costs are included in the income statement as follows:				
Research and development expenses	248,970	183,217	79,988	64,238
General and administrative expenses	94,221	63,386	35,651	25,717
Government grants related to research and development expenses	(64,007)	(40,112)	–	–
Total	**279,184**	**206,491**	**115,639**	**89,955**
Average number of FTE	**235**	**196**	**71**	**56**
Number of FTE at year end:	**257**	**205**	**77**	**59**

For information regarding the remuneration of the Board of Directors and Executive Management, please refer to note 5.1.

Government grants, which are a reduction of payroll taxes in the Netherlands, amounted to DKK 64 million in 2017 and DKK 40 million in 2016. These amounts are an offset to wages and salaries and research and development costs in the table above. The increase in 2017 was primarily due to increased research activities in the Netherlands combined with a higher level of grants provided by the Dutch government.

§ Accounting Policies

Share-based Compensation Expenses

The parent company has granted restricted stock units (RSUs) and warrants to the Board of Directors, Executive Management and employees under various share-based compensation programs. The group applies IFRS 2, according to which the fair value of the warrants and RSUs at grant date is recognized as an expense in the income statement over the vesting period. Such compensation expenses represent calculated values of warrants and RSUs granted and do not represent actual cash expenditures. A corresponding amount is recognized in shareholders' equity as both the warrant and RSU programs are designated as equity-settled share-based payment transactions.

In the financial statements for the parent company, expenses and exercise proceeds related to employees in the subsidiaries are allocated to the relevant subsidiary where the employee has entered an employment contract.

Government Grants

The Dutch Research and Development Act "WBSO" provides compensation for a part of research and development wages and other costs through a reduction in payroll taxes. WBSO grant amounts are offset against wages and salaries and research and development costs.

Management's Judgments and Estimates

Share-based Compensation Expenses

In accordance with IFRS 2 *"Share-based Payment,"* the fair value of the warrants and RSUs at grant date is recognized as an expense in the income statement over the vesting period, the period of delivery of work. Subsequently, the fair value is not remeasured.

The fair value of each warrant granted during the year is calculated using the Black-Scholes pricing model. This pricing model requires the input of subjective assumptions such as:

- The **expected stock price volatility**, which is based upon the historical volatility of Genmab's stock price;
- The **risk-free interest rate**, which is determined as the interest rate on Danish government bonds (bullet issues) with a maturity of five years;
- The **expected life of warrants**, which is based on vesting terms, expected rate of exercise and life terms in the current warrant program.

These assumptions can vary over time and can change the fair value of future warrants granted.

Valuation Assumptions for Warrants Granted in 2017 and 2016

The fair value of each warrant granted during the year is calculated using the Black-Scholes pricing model with the following assumptions:

Weighted Average	2017	2016
Fair value per warrant on grant date	366.78	362.47
Share price	1,123.91	1,100.22
Exercise price	1,123.91	1,100.22
Expected dividend yield	0%	0%
Expected stock price volatility	38.5%	41.4%
Risk-free interest rate	(0.4%)	(0.2%)
Expected life of warrants	5 years	5 years

Based on a weighted average fair value per warrant of DKK 366.78 (2016: DKK 362.47) the total fair value of warrants granted amounted to DKK 67 million (2016: DKK 54 million) on the grant date.

The fair value of each RSU granted during the year is equal to the closing market price on the date of grant of one Genmab A/S share. Based on a weighted average fair value per RSU of DKK 1,128.30 (2016: DKK 1,145.00) the total fair value of RSUs granted amounted to DKK 74 million (2016: DKK 37 million) on the grant date.

2.4
Corporate and Deferred Tax

Taxation — Income Statement	Genmab Group		Parent Company	
	2017	2016	2017	2016
	DKK'000	DKK'000	DKK'000	DKK'000
Current tax on result	132,881	61,626	132,868	61,612
Adjustment to prior years	(798)	208	552	–
Adjustment to deferred tax	625,895	63,193	187,583	158,072
Adjustment to valuation allowance	(797,809)	(181,885)	(349,239)	(271,856)
I/S **Total corporate tax for the period**	**(39,831)**	**(56,858)**	**(28,236)**	**(52,172)**

A reconciliation of Genmab's effective tax rate relative to the Danish statutory tax rate is as follows:

	Genmab Group		Parent Company	
	2017	2016	2017	2016
	DKK'000	DKK'000	DKK'000	DKK'000
Net result before tax	1,063,720	1,130,217	1,208,091	1,279,158
Computed 22% (2016: 22%)	**234,018**	**248,648**	**265,780**	**281,415**
Tax effect of:				
Benefit from previously unrecognized tax losses to reduce current corporate tax expense	–	(94,158)	–	(94,158)
Recognition of previously unrecognized tax losses and deductible temporary differences	(285,697)	(118,692)	(275,440)	(113,784)
Non-deductible expenses/non-taxable income and other permanent differences, net	14,049	(91,197)	(5,782)	(73,924)
Deferred tax assets not capitalized and other changes in valuation allowance	(2,201)	(1,459)	(12,794)	(51,721)
Total tax effect	**(273,849)**	**(305,506)**	**(294,016)**	**(333,587)**
I/S **Total corporate tax for the period**	**(39,831)**	**(56,858)**	**(28,236)**	**(52,172)**

Corporate tax consists of current tax and the adjustment of deferred taxes during the year. Corporate tax for 2017 was an income of DKK 40 million compared to an income of DKK 57 million in 2016. The corporate tax income in 2017 was due to the partial reversal of valuation allowances on deferred tax assets related to future taxable income, resulting in a discrete tax benefit of DKK 286 million, which more than offset current and deferred tax expense of DKK 246 million. The corporate tax income in 2016 was due to the partial reversal of valuation allowances on deferred tax assets related to future taxable income, resulting in a discrete tax benefit of DKK 119 million, which more than offset current tax expense of DKK 62 million. In 2017, a current tax benefit of DKK 72 million (2016: DKK 0 million) was recorded directly in shareholders' equity which was related to share-based instruments.

Taxation – Balance Sheet

Significant components of the deferred tax asset are as follows:

	Genmab Group		Parent Company	
	2017	2016	2017	2016
	DKK'000	DKK'000	DKK'000	DKK'000
Tax deductible losses	1,049,118	1,470,245	470,381	557,648
Deferred income	27,443	41,073	27,443	41,073
Capitalized R&D costs	11,091	31,691	11,091	31,691
Other temporary differences	154,216	324,754	85,548	151,634
	1,241,868	**1,867,763**	**594,463**	**782,046**
Valuation allowance	(944,919)	(1,742,728)	(319,023)	(668,262)
B/S **Total deferred tax assets**	**296,949**	**125,035**	**275,440**	**113,784**

Genmab records a valuation allowance to reduce deferred tax assets to reflect the net amount that is more likely than not to be realized. Realization of our deferred tax assets is dependent upon the generation of future taxable income, the amount and timing of which are uncertain. The valuation allowance requires an assessment of both positive and negative evidence when determining whether it is more likely than not that deferred tax assets are recoverable; such assessment is required on a jurisdiction by jurisdiction basis. Based upon the weight of available evidence at December 31, 2017, Genmab determined that it was more likely than not that a portion of our deferred tax assets would be realizable and consequently released a portion of the valuation allowance against net deferred tax assets and during the fourth quarter of 2017 recorded a discrete tax benefit of DKK 286 million (Q4 2016: DKK 119 million). The decision to reverse a portion of the valuation allowance was made after management considered all available evidence, both positive and negative, including but not limited to our historical operating results, income or loss in recent periods, cumulative income in recent years, forecasted earnings, future taxable income, and significant risk and uncertainty related to forecasts. The release of the valuation allowance resulted in the recognition of certain deferred tax assets and a decrease to corporate tax expense.

As of December 31, 2017, the group had gross tax loss carry-forwards of DKK 4.4 billion (2016: DKK 5.0 billion) for income tax purposes, of which DKK 3.3 billion (2016: DKK 2.5 billion) can be carried forward without limitation. The remaining portion of DKK 1.1 billion (2016: DKK 2.5 billion) is primarily related to Genmab's U.S. subsidiary, with DKK 1 billion (2016: DKK 1.1 billion) expiring in 2018. This amount relates to the capital loss on sale of Genmab's former manufacturing facility in 2013 which is limited to a 5 year carryforward period and can only be utilized to offset specific types of capital income.

§ Accounting Policies

Corporate Tax

Corporate tax, which consists of current tax and the adjustment of deferred taxes for the year, is recognized in the income statement, except to the extent that the tax is attributable to items which directly relate to shareholders' equity or other comprehensive income.

Current tax assets and liabilities for current and prior periods are measured at the amounts expected to be recovered from or paid to the tax authorities.

Deferred Tax

Deferred tax is accounted for under the liability method which requires recognition of deferred tax on all temporary differences between the carrying amount of assets and liabilities and the tax base of such assets and liabilities. This includes the tax value of tax losses carried forward.

Deferred tax is calculated in accordance with the tax regulations in the individual countries and the tax rates expected to be in force at the time the deferred tax is utilized. Changes in deferred tax as a result of changes in tax rates are recognized in the income statement.

Deferred tax assets resulting from temporary differences, including the tax value of losses to be carried forward, are recognized only to the extent that it is probable that future taxable profit will be available against which the differences can be utilized.

Management's Judgments and Estimates

Deferred Tax

Genmab recognizes deferred tax assets, including the tax base of tax loss carry-forwards, if management assesses that these tax assets can be offset against positive taxable income within a foreseeable future. This judgment is made on an ongoing basis and is based on actual results, budgets, and business plans for the coming years.

Realization of deferred tax assets is dependent upon a number of factors, including future taxable earnings, the timing and amount of which is highly uncertain. At December 31, 2017 Genmab has recognized deferred tax assets for probable future taxable income which is mainly related to taxable income in 2018 and 2019. Genmab intends to continue maintaining a valuation allowance against a significant portion of its deferred tax assets until there is sufficient evidence to support the reversal of all or some additional portion of these allowances. A significant portion of Genmab's future taxable income will be driven by contingent future events that are highly susceptible to factors outside the control of the group including commercial growth of DARZALEX, specific clinical outcomes, regulatory approval, advancement of our product pipeline, and others. As a result, contingent future revenue is excluded when forecasting future taxable profits as it does not meet the probable/more likely than not threshold. However, considering the current assessment of the probability of commercial growth of DARZALEX, achieving future milestones, there is a reasonable possibility that, within the next year, additional positive evidence may become available to reach a conclusion that an additional portion of the valuation allowance will no longer be needed. As such, the Company may release an additional part of its valuation allowance against its deferred tax assets within the next twelve months. This release would result in the recognition of certain deferred tax assets and a decrease to income tax expense for the period such release is recorded.

2.5
Result Per Share

	2017	2016
	DKK'000	DKK'000
I/S **Net result**	**1,103,551**	**1,187,075**

	2017	2016
	Shares'000	Shares'000
Average number of shares outstanding	60,934	59,915
Average number of treasury shares	(100)	(39)
Average number of shares excl. treasury shares	**60,834**	**59,876**
Average number of share-based instruments, fully diluted	1,260	1,890
Average number of shares, fully diluted	**62,094**	**61,766**
Basic net result per share	18.14	19.83
Diluted net result per share	17.77	19.22

In the calculation of the diluted net result per share for 2017, 43,019 warrants (of which none were vested) have been excluded as these share-based instruments are out of the money, compared to 16,800 warrants (of which none were vested) for 2016.

§ Accounting Policies

Basic Net Result per Share

Basic net result per share is calculated as the net result for the year divided by the weighted average number of outstanding ordinary shares, excluding treasury shares.

Diluted Net Result per Share

Diluted net result per share is calculated as the net result for the year divided by the weighted average number of outstanding ordinary shares, excluding treasury shares adjusted for the dilutive effect of share equivalents.

Section 3
Operating Assets and Liabilities

This section covers the operating assets and related liabilities that form the basis for the Genmab group's activities. Deferred tax assets and liabilities are included in note 2.4. Assets related to the group's financing activities are shown in section 4.

3.1
Intangible Assets

Genmab Group	Licenses, Rights, and Patents	Total Intangible Assets
2017	DKK'000	DKK'000
Cost per January 1	391,905	391,905
Additions for the year	–	–
Disposals for the year	–	–
Exchange rate adjustment	66	66
Cost at December 31	**391,971**	**391,971**
Accumulated amortization and impairment per January 1	(210,010)	(210,010)
Amortization for the year	(35,328)	(35,328)
Impairment for the year	(22,221)	(22,221)
Disposals for the year	–	–
Exchange rate adjustment	(17)	(17)
Accumulated amortization and impairment per December 31	**(267,576)**	**(267,576)**
B/S **Carrying amount at December 31**	**124,395**	**124,395**
2016		
Cost per January 1	371,222	371,222
Additions for the year	20,855	20,855
Disposals for the year	–	–
Exchange rate adjustment	(172)	(172)
Cost at December 31	**391,905**	**391,905**
Accumulated amortization and impairment per January 1	(178,580)	(178,580)
Amortization for the year	(31,449)	(31,449)
Disposals for the year	–	–
Exchange rate adjustment	19	19
Accumulated amortization and impairment per December 31	**(210,010)**	**(210,010)**
B/S **Carrying amount at December 31**	**181,895**	**181,895**

Depreciation, amortization, and impairments are included in the income statement as follows:	2017	2016
	DKK'000	DKK'000
Research and development expenses	57,549	31,449
General and administrative expenses	–	–
Total	**57,549**	**31,449**

Parent Company	Licenses, Rights, and Patents	Total Intangible Assets
2017	DKK'000	DKK'000
Cost per January 1	346,616	346,616
Additions for the year	-	-
Disposals for the year	-	-
Exchange rate adjustment	-	-
Cost at December 31	**346,616**	**346,616**
Accumulated amortization and impairment per January 1	(198,454)	(198,454)
Amortization for the year	(28,849)	(28,849)
Impairment for the year	(22,221)	(22,221)
Disposals for the year	-	-
Exchange rate adjustment	-	-
Accumulated amortization and impairment per December 31	**(249,524)**	**(249,524)**
B/S **Carrying amount at December 31**	**97,092**	**97,092**
2016		
Cost per January 1	325,762	325,762
Additions for the year	20,854	20,854
Disposals for the year	–	–
Exchange rate adjustment	–	–
Cost at December 31	**346,616**	**346,616**
Accumulated amortization and impairment per January 1	(173,475)	(173,475)
Amortization for the year	(24,979)	(24,979)
Disposals for the year	–	–
Exchange rate adjustment	–	–
Accumulated amortization and impairment per December 31	**(198,454)**	**(198,454)**
B/S **Carrying amount at December 31**	**148,162**	**148,162**

Depreciation, amortization, and impairments are included in the income statement as follows:	2017	2016
	DKK'000	DKK'000
Research and development expenses	51,070	24,979
General and administrative expenses	–	–
Total	**51,070**	**24,979**

Impairment losses of DKK 22 million related to licensed assets were recognized as part of research and development costs in 2017 as certain programs were discontinued.

There were no acquisitions of licenses and rights in 2017.

During 2016, the first patient was dosed in the Phase I/II study of HuMax-AXL-ADC in solid tumors, triggering a USD 3 million milestone payment to Seattle Genetics. This milestone payment was capitalized as part of the existing HuMax-AXL-ADC intangible asset and is being amortized over the remaining useful life.

The group has previously acquired licenses and rights to technology at a total cost of DKK 152 million, which have been fully amortized during the period from 2000 to 2005. The licenses and rights are still in use by the parent company and the group and contribute to our research and development activities.

§ Accounting Policies

Research and Development – Genmab Group and Parent Company

The group currently has no internally generated intangible assets from development, as the criteria for recognition of an asset are not met as described below.

Licenses and Rights – Genmab Group and Parent Company

Licenses, rights, and patents are initially measured at cost and include the net present value of any future payments. The net present value of any future payments is recognized as a liability. Milestone payments are accounted for as an increase in the cost to acquire licenses, rights, and patents. Genmab acquires licenses and rights primarily to get access to targets and technologies identified by third parties.

Depreciation
Licenses, rights, and patents are amortized using the straight-line method over the estimated useful life of five to seven years. Amortization, impairment losses, and gains or losses on the disposal of intangible assets are recognized in the income statement as research and development costs, general and administrative expenses or discontinued operations, as appropriate.

Impairment
If circumstances or changes in Genmab's operations indicate that the carrying amount of non-current assets in a cash-generating unit may not be recoverable, management reviews the asset for impairment.

Management's Judgments and Estimates

Research and Development

Internally Generated Intangible Assets

According to the IAS 38, *"Intangible Assets,"* intangible assets arising from development projects should be recognized in the balance sheet. The criteria that must be met for capitalization are that:

- the development project is clearly defined and identifiable and the attributable costs can be measured reliably during the development period;
- the technological feasibility, adequate resources to complete and a market for the product or an internal use of the product can be documented; and
- management has the intent to produce and market the product or to use it internally.

Such an intangible asset should be recognized if sufficient certainty can be documented that the future income from the development project will exceed the aggregate cost of production, development, and sale and administration of the product. A development project involves a single product candidate undergoing a high number of tests to illustrate its safety profile and its effect on human beings prior to obtaining the necessary final approval of the product from the appropriate authorities. The future economic benefits associated with the individual development projects are dependent on obtaining such approval.

Considering the significant risk and duration of the development period related to the development of biological products, management has concluded that the future economic benefits associated with the individual projects cannot be estimated with sufficient certainty until the project has been finalized and the necessary final regulatory approval of the product has been obtained. Accordingly, the group has not recognized such assets at this time and therefore all research and development costs are recognized in the income statement when incurred. The total research and development costs amounted to DKK 874 million in 2017, compared to DKK 661 million in 2016.

Antibody Clinical Trial Material Purchased for Use in Clinical Trials

According to our accounting policies, antibody clinical trial material (antibodies) for use in clinical trials that are purchased from third parties will only be recognized in the balance sheet at cost and expensed in the income statement when consumed, if all criteria for recognition as an asset are fulfilled.

During both 2017 and 2016, no antibodies purchased from third parties for use in clinical trials have been capitalized, as these antibodies do not qualify for being capitalized as inventory under either the *"Framework"* to IAS/IFRS or IAS 2, *"Inventories."*

Management has concluded that the purchase of antibodies from third parties cannot be capitalized as the technical feasibility is not proven and no alternative use exists. Expenses in connection with purchase of antibodies are treated as described under "Research and Development Costs."

3.2
Property, Plant and Equipment

Genmab Group	Leasehold Improvements	Equipment, Furniture and Fixtures	Assets under Construction	Total Property, Plant and Equipment
2017	DKK'000	DKK'000	DKK'000	DKK'000
Cost at January 1	9,597	148,854	5,495	163,946
Additions for the year	5,166	26,370	62,018	93,554
Disposals for the year	(4,023)	(5,108)	–	(9,131)
Exchange rate adjustment	8	(187)	8	(171)
Cost at December 31	**10,748**	**169,929**	**67,521**	**248,198**
Accumulated depreciation and impairment at January 1	(9,371)	(122,381)	–	(131,752)
Depreciation for the year	(242)	(11,967)	–	(12,209)
Disposals for the year	3,917	5,055	–	8,972
Exchange rate adjustment	(8)	214	–	206
Accumulated depreciation and impairment at December 31	**(5,704)**	**(129,079)**	**–**	**(134,783)**
B/S **Carrying amount at December 31**	**5,044**	**40,850**	**67,521**	**113,415**
2016				
Cost at January 1	9,618	147,128	981	157,727
Additions for the year	–	8,511	4,518	13,029
Disposals for the year	–	(6,394)	–	(6,394)
Exchange rate adjustment	(21)	(391)	(4)	(416)
Cost at December 31	**9,597**	**148,854**	**5,495**	**163,946**
Accumulated depreciation and impairment at January 1	(9,149)	(119,766)	–	(128,915)
Depreciation for the year	(243)	(9,264)	–	(9,507)
Disposals for the year	–	6,358	–	6,358
Exchange rate adjustment	21	291	–	312
Accumulated depreciation and impairment at December 31	**(9,371)**	**(122,381)**	**–**	**(131,752)**
B/S **Carrying amount at December 31**	**226**	**26,473**	**5,495**	**32,194**

	2017	2016
	DKK'000	DKK'000
Depreciation, amortization, and impairments are included in the income statement as follows:		
Research and development expenses	11,753	9,348
General and administrative expenses	456	159
Total	**12,209**	**9,507**

Parent Company	Leasehold Improvements	Equipment, Furniture and Fixtures	Total Property, Plant and Equipment
2017	DKK'000	DKK'000	DKK'000
Cost at January 1	3,981	15,342	19,323
Additions for the year	1,690	7,163	8,853
Disposals for the year	(4,023)	(5,108)	(9,131)
Cost at December 31	**1,648**	**17,397**	**19,045**
Accumulated depreciation and impairment at January 1	(3,755)	(14,802)	(18,557)
Depreciation for the year	(225)	(1,091)	(1,316)
Disposals for the year	3,917	5,054	8,971
Accumulated depreciation and impairment at December 31	**(63)**	**(10,839)**	**(10,902)**
B/S **Carrying amount at December 31**	**1,585**	**6,558**	**8,143**
2016			
Cost at January 1	3,981	15,155	19,136
Additions for the year	–	187	187
Cost at December 31	**3,981**	**15,342**	**19,323**
Accumulated depreciation and impairment at January 1	(3,513)	(14,641)	(18,154)
Depreciation for the year	(242)	(161)	(403)
Accumulated depreciation and impairment at December 31	**(3,755)**	**(14,802)**	**(18,557)**
B/S **Carrying amount at December 31**	**226**	**540**	**766**

	2017	2016
	DKK'000	DKK'000
Depreciation, amortization, and impairments are included in the income statement as follows:		
Research and development expenses	934	322
General and administrative expenses	382	81
Total	**1,316**	**403**

Capital expenditure in 2017 was primarily related to leasehold improvements in the facility in the Netherlands for the continued expansion of our product pipeline.

§ Accounting Policies

Property, plant and equipment is mainly comprised of leasehold improvements, assets under construction, and equipment, furniture and fixtures, which are measured at cost less accumulated depreciation, and any impairment losses.

The cost is comprised of the acquisition price and direct costs related to the acquisition until the asset is ready for use. The present value of estimated liabilities related to the restoration of our offices in connection with the termination of the lease is added to the cost if the liabilities are provided for. Costs include direct costs, salary related expenses, and costs to subcontractors.

Depreciation

Depreciation, which is stated at cost net of any residual value, is calculated on a straight-line basis over the expected useful lives of the assets, which are as follows:

Equipment, Furniture and Fixtures	3-5 years
Computer Equipment	3 years
Leasehold Improvements	5 years or the lease term, if shorter

The useful lives and residual values are reviewed and adjusted if appropriate on a yearly basis. Assets under construction are not depreciated.

Impairment

If circumstances or changes in Genmab's operations indicate that the carrying amount of non-current assets in a cash-generating unit may not be recoverable, management reviews the asset for impairment.

The basis for the review is the recoverable amount of the assets, determined as the greater of the fair value less cost to sell or its value in use. Value in use is calculated as the net present value of future cash inflow generated from the asset.

If the carrying amount of an asset is greater than the recoverable amount, the asset is written down to the recoverable amount. An impairment loss is recognized in the income statement when the impairment is identified.

3.3 Receivables

	Genmab Group		Parent Company	
	2017	2016	2017	2016
	DKK'000	DKK'000	DKK'000	DKK'000
Receivables related to collaboration agreements	519,009	924,718	519,009	924,718
Receivables from subsidiaries	–	–	–	71,707
Interest receivables	11,863	17,086	11,863	17,086
Derivatives (note 4.2)	12,223	4,172	12,223	4,172
Other receivables	26,634	20,086	6,884	8,732
Prepayments	18,029	11,085	983	750
Total	**587,758**	**977,147**	**550,962**	**1,027,165**
B/S Non-current receivables	8,756	1,473	3,480	1,473
B/S Current receivables	579,002	975,674	547,482	1,025,692
Total	**587,758**	**977,147**	**550,962**	**1,027,165**

Genmab Group

During 2017 and 2016, there were no losses related to receivables and the credit risk on receivables is considered to be limited. The receivables are mainly comprised of royalties and milestones from our collaboration agreements and non-interest bearing receivables which are due less than one year from the balance sheet date. For further information about the interest receivables and derivatives and related credit risk, please refer to note 4.2.

Parent Company

Refer to note 5.2 for additional information regarding receivables from subsidiaries.

§ Accounting Policies

Receivables except derivatives are designated as loans and receivables and are initially measured at fair value and subsequently measured in the balance sheet at amortized cost, which generally corresponds to nominal value less provision for bad debts.

The provision for bad debts is calculated on the basis of an individual assessment of each receivable including analysis of capacity to pay, creditworthiness, and historical information on payment patterns and doubtful debts.

Prepayments include expenditures related to a future financial year. Prepayments are measured at nominal value.

3.4 Provisions

	2017	2016
	DKK'000	DKK'000
Provisions per January 1	1,433	1,433
Additions during the year	1,200	–
Used during the year	(552)	–
Released during the year	(881)	–
Total at December 31	**1,200**	**1,433**
B/S Non-current provisions	1,200	–
B/S Current provisions	–	1,433
Total at December 31	**1,200**	**1,433**

Provisions include contractual restoration obligations related to our lease of offices. In determining the fair value of the restoration obligation, assumptions and estimates are made in relation to discounting, the expected cost to restore the offices and the expected timing of those costs.

The majority of non-current provisions are expected to be settled in 2022.

§ Accounting Policies

Provisions are recognized when the group has an existing legal or constructive obligation as a result of events occurring prior to or on the balance sheet date, and it is probable that the utilization of economic resources will be required to settle the obligation. Provisions are measured at management's best estimate of the expenses required to settle the obligation.

A provision for onerous contracts is recognized when the expected benefits to be derived by the group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

When the group has a legal obligation to restore our office lease in connection with the termination, a provision is recognized corresponding to the present value of expected future costs.

The present value of a provision is calculated using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as an interest expense.

3.5 Other Payables

	Genmab Group		Parent Company	
	2017	2016	2017	2016
	DKK'000	DKK'000	DKK'000	DKK'000
Liabilities related to collaboration agreements	3,082	2,354	3,082	2,354
Staff cost liabilities	22,012	15,558	11,057	9,295
Other liabilities	112,861	80,162	81,259	63,090
Payable to subsidiaries (note 5.2)	–	–	209,716	111,148
Accounts payable	40,947	22,271	18,179	15,476
Total at December 31	**178,902**	**120,345**	**323,293**	**201,363**
B/S Non-current other payables	2,429	–	2,429	–
B/S Current other payables	176,473	120,345	320,864	201,363
Total at December 31	**178,902**	**120,345**	**323,293**	**201,363**

§ Accounting Policies

Other payables are initially measured at fair value and subsequently measured in the balance sheet at amortized cost.

The current other payables are comprised of liabilities that are due less than one year from the balance sheet date and are in general not interest bearing and settled on an ongoing basis during the financial year.

Non-current payables are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the liability due to passage of time is recognized as interest expense.

Staff Costs Liabilities

Wages and salaries, social security contributions, paid leave and bonuses, and other employee benefits are recognized in the financial year in which the employee performs the associated work.

Termination benefits are recognized as an expense, when the Genmab group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment.

The group's pension plans are classified as defined contribution plans, and, accordingly, no pension obligations are recognized in the balance sheet. Costs relating to defined contribution plans are included in the income statement in the period in which they are accrued and outstanding contributions are included in other payables.

Accounts Payable

Accounts payable are measured in the balance sheet at amortized cost.

Section 4
Capital Structure, Financial Risk and Related Items

This section includes disclosures related to how Genmab manages its capital structure, cash position and related risks and items. Genmab is primarily financed through partnership collaborations.

4.1
Capital Management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence, and a continuous advancement of Genmab's product pipeline and business in general.

Genmab is primarily financed through partnership collaboration income and had, as of December 31, 2017, a cash position of DKK 5,423 million compared to DKK 3,922 million as of December 31, 2016. The cash position supports the advancement of our product pipeline and operations.

The adequacy of our available funds will depend on many factors, including continued growth of DARZALEX sales, progress in our research and development programs, the magnitude of those programs, our commitments to existing and new clinical collaborators, our ability to establish commercial and licensing arrangements, our capital expenditures, market developments, and any future acquisitions. Accordingly, we may require additional funds and may attempt to raise additional funds through equity or debt financings, collaborative agreements with partners, or from other sources.

The Board of Directors monitors the share and capital structure to ensure that Genmab's capital resources support the strategic goals. There was no change in the group's approach to capital management procedures in 2017.

Neither Genmab A/S nor any of its subsidiaries are subject to externally imposed capital requirements.

4.2
Financial Risk

The financial risks of the Genmab group are managed centrally.

The overall risk management guidelines have been approved by the Board of Directors and include the group's foreign exchange and investment policy related to our marketable securities. The group's risk management guidelines are established to identify and analyze the risks faced by the Genmab group, to set the appropriate risk limits and controls and to monitor the risks and adherence to limits. It is Genmab's policy not to actively speculate in financial risks. The group's financial risk management is directed solely against monitoring and reducing financial risks which are directly related to the group's operations.

The primary objective of Genmab's investment activities is to preserve capital and ensure liquidity with a secondary objective of maximizing the income derived from security investments without significantly increasing risk. Therefore, our investment policy includes among other items, guidelines and ranges for which investments (all of which are shorter-term in nature) are considered to be eligible investments for Genmab and which investment parameters are to be applied, including maturity limitations and credit ratings. In addition, the policy includes specific diversification criteria and investment limits to minimize the risk of loss resulting from over concentration of assets in a specific class, issuer, currency, country, or economic sector.

Currently, our marketable securities are administrated by two external investment managers. The guidelines and investment managers are reviewed regularly to reflect changes in market conditions, the group's activities and financial position. In 2016, the investment policy was amended to increase the investment limits for individual securities and reduce the percent of the total portfolio required to have a maturity

of less than one year. The changes were made as a result of the higher value of our marketable securities portfolio and reduced need for short duration securities.

In addition to the capital management and financing risk mentioned in note 4.1, the group has identified the following key financial risk areas, which are mainly related to our marketable securities portfolio:

- credit risk;
- currency risk and;
- interest rate risk

All our marketable securities are traded in established markets. Given the current market conditions, all future cash inflows including re-investments of proceeds from the disposal of marketable securities are invested in highly liquid and conservative investments. Refer to note 4.4 for additional details on our marketable securities.

Credit Risk

Genmab is exposed to credit risk and losses on our marketable securities and bank deposits. The credit risk related to our other receivables is not significant.

Marketable Securities

To manage and reduce credit risks on our securities, only securities from investment grade issuers are eligible for our portfolios. No issuer of marketable securities can be accepted if it is not assumed that the credit quality of the issuer would be at least equal to the rating shown below:

Category	S&P	Moody's	Fitch
Short-term	A-1	P-1	F-1
Long-term	A-	A3	A-

Our current portfolio is spread over a number of different securities and is conservative with a focus on liquidity and security. As of December 31, 2017, 91% of our marketable securities had a triple A-rating from Moody's, S&P, or Fitch compared to 94% at December 31, 2016. The total value of marketable securities including interest receivables amounted to DKK 4,087 million at the end of 2017 compared to DKK 3,632 million at the end of 2016.

Bank Deposits

To reduce the credit risk on our bank deposits, Genmab only invests its cash deposits with highly rated financial institutions. Currently, these financial institutions have a short-term Fitch and S&P rating of at least F-1 and A-1, respectively. In addition, Genmab maintains bank deposits at a level necessary to support the short-term funding requirements of the Genmab group. The total value of bank deposits amounted to DKK 1,348 million as of December 31, 2017 compared to DKK 307 million at the end of 2016. The increased balance at December 31, 2017 was due to milestones received in late December 2017.

Derivative Financial Instruments

Genmab has established derivative financial instruments under an International Swaps and Derivatives Association master agreement (see below). We are exposed to credit loss in the event of non-performance by our counterpart which is a financial institution with the following short term ratings: Moody's (P-1) and S&P (A-1). The total value of receivables related to derivative financial instruments amounted to DKK 12 million at the end of 2017 compared to DKK 4 million at the end of 2016.

Currency Risk

Genmab incurs income and expenses in a number of different currencies, and as a result, the group is subject to currency risk. Increases or decreases in the exchange rate of such foreign currencies against our functional currency, the DKK, can affect the group's results and cash position negatively or positively. The foreign subsidiaries are not significantly affected by currency risks as both income and expenses are primarily settled in the foreign subsidiaries' functional currencies.

Assets and Liabilities in Foreign Currency

The most significant cash flows of the group are DKK, EUR, USD and GBP and Genmab hedges its currency exposure by maintaining cash positions in these currencies. Our total marketable securities were invested in EUR (21%), DKK (42%), USD (35%) and GBP (2%) denominated securities as of December 31, 2017, compared to 26%, 42%, 31%, and 1%, as of December 31, 2016. In addition, Genmab uses derivatives (future contracts) as part of its overall strategy to hedge foreign currency exposure.

Based on the amount of assets and liabilities denominated in EUR, USD and GBP as of December 31, 2017, a 1% change in the EUR to DKK exchange rate and a 10% change in both USD to DKK exchange rate and GBP to DKK exchange rate will impact our net financial items by approximately:

MDKK	Cash Position	Receivables	Liabilities	Net Exposure	Percentage Change in Exchange Rate*	Impact of Change in Exchange Rate
2017						
EUR	1,047	27	(140)	**934**	1%	**9.3**
USD	2,497	477	(125)	**2,849**	10%	**284.9**
GBP	77	–	(25)	**52**	10%	**5.2**
2016						
EUR	1,014	89	(44)	**1,059**	1%	**10.6**
USD	1,300	912	(116)	**2,096**	10%	**209.6**
GBP	36	–	(24)	**12**	10%	**1.2**

* The analysis assumes that all other variables, in particular interest rates, remain constant.

Accordingly, significant changes in exchange rates could cause our net result to fluctuate significantly as gains and losses are recognized in the income statement. Our EUR exposure is mainly related to our marketable securities, contracts and other costs denominated in EUR. Since the introduction of EUR in 1999, Denmark has committed to maintaining a central rate of 7.46 DKK to the EUR. This rate may fluctuate within a +/- 2.25% band. Should Denmark's policy towards the EUR change, the DKK values of our EUR denominated assets and costs could be materially different compared to what is calculated and reported under the existing Danish policy towards the DKK/EUR.

The USD currency exposure was mainly related to cash deposits, marketable securities, and receivables related to our collaborations with Janssen and Novartis. The GBP currency exposure is mainly related to contracts and marketable securities denominated in GBP.

Hedging of Expected Future Cash Flows (Cash Flow Hedges)
Genmab entered into derivative contracts during the fourth quarter of 2016 to hedge a portion of the associated currency exposure of royalty payments from net sales of DARZALEX by Janssen. The foreign exchange forward contracts were purchased to match the anticipated timing of quarterly royalty payments from Janssen in May 2017, August 2017, November 2017, and February 2018. The total notional amount of the forward contracts was USD 42 million with the USD/EUR forward contract rate ranging from 1.0469 to 1.0640. Due to their lower cost and Denmark's fixed exchange rate policy against the EUR, USD/EUR forward contracts were utilized instead of USD/DKK forward contracts.

The total notional amount of foreign exchange forward contracts that matured in 2017 was USD 27 million and Genmab recognized a gain of DKK 18 million in the income statement as part of financial income related to these contracts. As of December 31, 2017, one forward exchange contract remained outstanding with a notional amount of USD 15 million and a fair value of DKK 12 million.

A 10% change in the USD to EUR forward exchange rate will impact the valuation of the derivatives as outlined below. The analysis assumes that all other variables remain constant.

() = debt or income	2017			2016		
Impact of Change in Exchange Rate in MDKK	**-10%**	**Base**	**+10%**	**-10%**	**Base**	**+10%**
Fair value	22	12	(3)	34	4	(25)
Income statement	(22)	(12)	3	–	–	–
Statement of comprehensive income	–	–	–	(34)	(4)	25

Interest Rate Risk
Genmab's exposure to interest rate risk is primarily related to the marketable securities, as we currently do not have significant interest bearing debts.

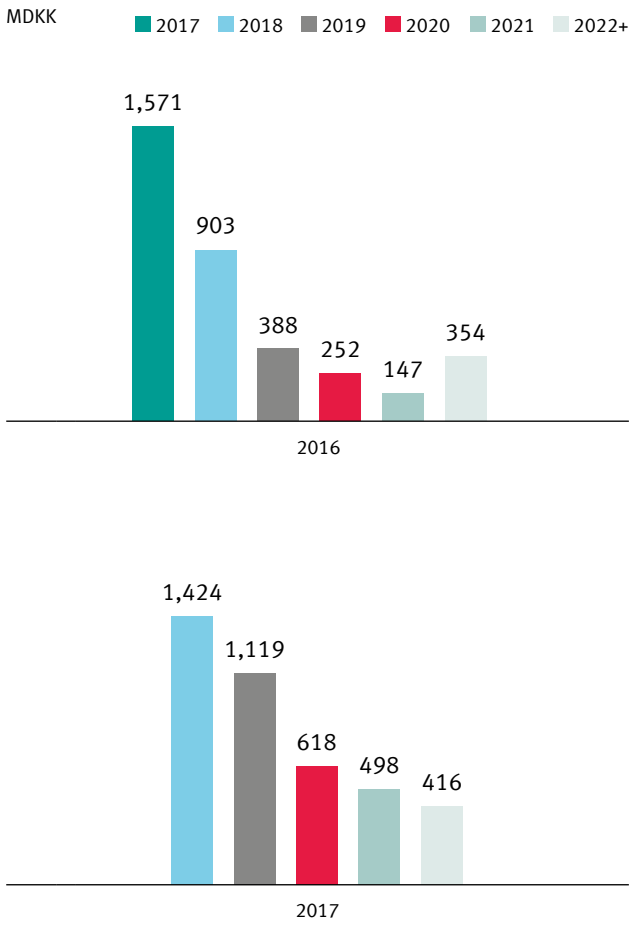
Marketable Securities
The securities in which the group has invested bear interest rate risk, as a change in market derived interest rates may cause fluctuations in the fair value of the investments. In accordance with the objective of the investment activities, the portfolio of securities is monitored on a total return basis.

To control and minimize the interest rate risk, the group maintains an investment portfolio in a variety of securities with a relatively short effective duration.

As of December 31, 2017, the portfolio has an average effective duration of approximately 1.6 years (2016: 1.4 years) and no securities have an effective duration of more than 8 years (2016: 9 years), which means that a change in the interest rates of one percentage point will cause the fair value of the securities to change by approximately 1.6% (2016: 1.4%).

Due to the short-term nature of the current investments and to the extent that we are able to hold the investments to maturity, we consider our current exposure to changes in fair value due to interest rate changes to be insignificant compared to the fair value of the portfolio.

Maturity Profile Marketable Securities



4.3 Financial Assets and Liabilities

Categories of Financial Assets and Liabilities

Category	Note	2017	2016
		DKK'000	DKK'000
Financial assets at fair value through the income statement			
Marketable securities	4.4	4,075,192	3,614,942
Financial assets designated as hedging instruments			
Derivatives designated as cash flow hedges	3.3	–	4,172
Derivatives designated as fair value hedges	3.3	12,223	–
Loans and receivables			
Receivables ex. prepayments	3.3	569,729	966,062
Cash and cash equivalents		1,347,545	307,023
Financial liabilities measured at amortized cost:			
Other payables	3.5	(178,902)	(120,345)

Fair Value Measurement

Marketable Securities

All fair market values are determined by reference to external sources using unadjusted quoted prices in established markets for our marketable securities (Level 1).

Derivative Financial Instruments

Genmab entered into derivative instruments (forward contracts) to hedge currency exposure associated with future royalties on net sales of DARZALEX by Janssen. The derivatives are not traded on an active market based on quoted prices. The fair value is determined using valuation techniques that utilize market based data such as currency rates, yield curves and implied volatility (Level 2).

	Note	2017 Level 1	2017 Level 2	2017 Level 3	2016 Level 1	2016 Level 2	2016 Level 3
		DKK'000	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Assets Measured at Fair Value							
Marketable securities	4.4	4,075,192	–	–	3,614,942	–	–
Receivables – derivatives	3.3	–	12,223	–	–	4,172	–

§ Accounting Policies

Classification of Categories of Financial Assets and Liabilities

In accordance with IFRS, Genmab has divided its financial assets and liabilities in the categories shown in the above overview. The classification is based on the nature, characteristics and risks of the asset and liability. The classification is re-assessed at the end of each reporting period.

Financial assets are derecognized when the rights to receive cash flow from the financial assets have expired or been transferred and the risk and reward have been substantially transferred. Financial liabilities are derecognized when the obligation is discharged, cancelled or expired.

Further details about the accounting policy for each of the categories are outlined in the respective notes.

Fair Value Measurement

The Genmab group measures financial instruments, such as marketable securities and derivatives, at fair value at each balance sheet date. Management assessed that financial assets and liabilities measured as amortized costs such as bank deposits, receivables and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Genmab group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Genmab group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

For financial instruments that are measured in the balance sheet at fair value, IFRS 13 for financial instruments requires disclosure of fair value measurements by level of the following fair value measurement hierarchy for:

- **Level 1** – Quoted prices (unadjusted) in active markets for identical assets or liabilities
- **Level 2** – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
- **Level 3** – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Currently no financial instruments are measured and determined with reference to level 3. Level 3 fair values of financial instruments measured at amortized cost and assumption used are disclosed above.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. Any transfers between the different levels are carried out at the end of the reporting period. There have not been any transfers between the different levels during 2017 and 2016.

4.4 Marketable Securities

	2017	2016
	DKK'000	DKK'000
Cost at January 1	3,603,111	2,636,642
Additions for the year	3,425,025	3,008,484
Disposals for the year	(2,833,393)	(2,042,015)
Cost at December 31	**4,194,743**	**3,603,111**
Fair value adjustment at January 1	11,831	(17,399)
Fair value adjustment for the year	(131,382)	29,230
Fair value adjustment at December 31	**(119,551)**	**11,831**
B/S **Net book value at December 31**	**4,075,192**	**3,614,942**
Net book value in percentage of cost	**97%**	**100%**

	Market Value 2017	Average Effective Duration	Share %	Market Value 2016	Average Effective Duration	Share %
	DKK'000			DKK'000		
Kingdom of Denmark bonds and treasury bills	472,136	2.02	12%	291,801	1.35	8%
Danish mortgage-backed securities	1,213,814	1.93	30%	1,245,702	1.78	34%
DKK portfolio	**1,685,950**	**1.95**	**42%**	**1,537,503**	**1.70**	**42%**
EUR portfolio						
European government bonds and treasury bills	876,152	1.83	21%	938,655	1.58	26%
USD portfolio						
US government bonds and treasury bills	1,437,679	0.93	35%	1,104,162	0.89	31%
GBP portfolio						
UK government bonds and treasury bills	75,411	1.23	2%	34,622	0.26	1%
Total portfolio	**4,075,192**	**1.55**	**100%**	**3,614,942**	**1.41**	**100%**
B/S **Marketable securities**	**4,075,192**			**3,614,942**		

Interest Income

Total interest income amounted to DKK 41 million in 2017 compared to DKK 33 million in 2016. The increase was due to a higher level of investment in marketable securities in 2017 as compared to 2016.

Fair Value Adjustment

The total fair value adjustment for 2017 was a loss of DKK 131 million, which was driven primarily by foreign exchange adjustments of DKK 118 million due the significant weakening of the USD against the DKK which negatively impacted our USD denominated portfolio. In 2016, the total fair value adjustment was an income of DKK 29 million, which included positive foreign exchange adjustments of DKK 24 million on our USD denominated portfolio as the USD strengthened against the DKK during the period.

Refer to note 4.2 for additional details on the risks related to our marketable securities.

§ Accounting Policies

Marketable securities consist of investments in securities with a maturity greater than three months at the time of acquisition. Genmab invests its cash in deposits with major financial institutions, in Danish mortgage bonds, and notes issued by the Danish, European and American governments. The securities can be purchased and sold using established markets.

Genmab's portfolio of investments has been designated as financial assets at fair value through profit or loss as the portfolio is managed and evaluated on a fair value basis in accordance with Genmab's investment guidelines and the information provided internally to management.

Marketable securities are initially and subsequently recognized at fair value, which equals the listed price. Realized and unrealized gains and losses (including unrealized foreign exchange rate gains and losses) are recognized in the income statement as financial items.

Transactions are recognized at trade date.

4.5 Financial Income and Expenses

	Genmab Group		Parent Company	
	2017	2016	2017	2016
	DKK'000	DKK'000	DKK'000	DKK'000
Financial income:				
Interest and other financial income	41,426	32,583	41,339	**32,550**
Interest from subsidiaries	–	–	1,363	**2,115**
Realized and unrealized gains on fair value hedges, net	30,273	–	30,273	**–**
Realized and unrealized exchange rate gains, net	–	54,026	–	**53,653**
I/S **Total financial income**	**71,699**	**86,609**	**72,975**	**88,318**
Financial expenses:				
Interest and other financial expenses	2,802	213	2,678	**143**
Realized and unrealized losses on marketable securities (fair value through the income statement), net	19,610	9,012	19,610	**9,012**
Realized and unrealized exchange rate losses, net	329,738	**–**	329,480	**–**
I/S **Total financial expenses**	**352,150**	**9,225**	**351,768**	**9,155**
Net financial items	**(280,451)**	**77,384**	**(278,793)**	**79,163**
Interest and other financial income on financial assets measured at amortized cost	1,744	681	1,657	**648**
Interest and other financial expenses on financial liabilities measured at amortized cost	2,802	213	2,678	**143**

Realized and unrealized exchange rate losses, net of DKK 330 million in 2017 were driven by foreign exchange movements which negatively impacted our USD denominated portfolio and cash holdings. The USD weakened significantly against the DKK during 2017, resulting in realized and unrealized exchange rate losses. More specifically the USD/DKK foreign exchange rate decreased from 7.0528 at December 31, 2016 to 6.2067 at December 31, 2017. Please refer to note 4.2 of the financial statements for more details about foreign currency risk.

Realized losses on our marketable securities for 2017 amounted to DKK 12 million compared to DKK 15 million in 2016. These largely relate to the losses we incur when a security is purchased at a price above par and held to maturity. We are compensated for these realized losses with above market interest rates.

§ Accounting Policies

Financial income and expenses include interest as well as realized and unrealized exchange rate adjustments and realized and unrealized gains and losses on marketable securities (designated as fair value through the income statement), realized gains and losses and write-downs of other securities and equity interests (designated as available-for-sale financial assets), and realized and unrealized gains and losses on derivative financial instruments.

Interest and dividend income are shown separately from gains and losses on marketable securities and other securities and equity interests.

Gains or losses relating to the ineffective portion of a cash flow hedge and changes in time value are recognized immediately in the income statement as part of the financial income or expenses.

Exchange rate adjustments of balances with foreign subsidiaries, which are considered part of the total net investment in the subsidiary, are recognized in the income statement of the parent company.

4.6 Share-Based Instruments

Restricted Stock Unit Program

Genmab A/S has established an RSU program (equity-settled share-based payment transactions) as an incentive for all the Genmab group's employees, members of the Executive Management, and members of the Board of Directors.

RSUs are granted by the Board of Directors in accordance with authorizations given to it by Genmab A/S' shareholders and are subject to the incentive guidelines (Remuneration Principles) adopted by the general meeting.

Under the terms of the RSU program, RSUs are subject to a cliff vesting period and become fully vested on the first banking day of the month following a period of three years from the date of grant. If an employee, member of Executive Management, or member of the Board of Directors ceases their employment or board membership prior to the vesting date, all RSUs that are granted, but not yet vested, shall lapse automatically.

However, if an employee, a member of the Executive Management or a member of the Board of Directors ceases employment or board membership due to retirement or age limitation in Genmab A/S' articles of association, death, serious sickness or serious injury then all RSUs that are granted, but not yet vested shall remain outstanding and will be settled in accordance with their terms.

In addition, for an employee or a member of the Executive Management, RSUs that are granted, but not yet vested shall remain outstanding and will be settled in accordance with their terms in instances where the employment relationship is terminated by Genmab without cause.

Within 30 days of the vesting date, the holder of an RSU receives one share in Genmab A/S for each RSU. Genmab A/S may at its sole discretion in extraordinary circumstances choose to make cash settlement instead of delivering shares.

The RSU program contains anti-dilution provisions if changes occur in Genmab's share capital prior to the vesting date and provisions to accelerate vesting of RSUs in the event of change of control as defined in the RSU program.

Genmab A/S intends to purchase its own shares in order to cover its obligations in relation to the RSUs. Authorization to purchase Genmab A/S' own shares up to a nominal value of DKK 500,000 (500,000 shares) was given at the Annual General Meeting in March 2016.

During the third quarter of 2016, Genmab acquired 100,000 of its own shares, approximately 0.2% of share capital, to cover its current obligations under the RSU program. The total amount paid to acquire the shares, including directly attributable costs, was DKK 118 million and has been recognized as a deduction to shareholders' equity. There were no additional acquisitions of treasury shares in 2017. These shares are classified as treasury shares and are presented within accumulated deficit as of December 31, 2017 and December 31, 2016.

The shares were acquired in accordance with the authorization granted by the Annual General Meeting in March 2016 and the acquisition was carried out in compliance with applicable laws, the Nasdaq Copenhagen issuer rules and Genmab's internal policies on trading with shares of Genmab A/S.

RSU Activity in 2017 and 2016

	Number of RSUs Held by the Board of Directors	Number of RSUs Held by the Executive Management	Number of RSUs Held by Employees	Number of RSUs Held by Former Members of the Board of Directors and Employees	Total Outstanding RSUs
Outstanding at January 1, 2016	**16,940**	**54,805**	–	**1,150**	**72,895**
Granted*	5,004	9,453	18,291	–	32,748
Settled	–	–	–	–	–
Transferred	–	–	–	–	–
Cancelled	(3,256)	–	–	–	(3,256)
Outstanding at December 31, 2016	**18,688**	**64,258**	**18,291**	**1,150**	**102,387**
Outstanding at January 1, 2017	**18,688**	**64,258**	**18,291**	**1,150**	**102,387**
Granted*	7,661	19,599	38,691	–	65,951
Settled	–	–	–	–	–
Transferred	(2,021)	–	(1,484)	3,505	–
Cancelled	–	–	(23)	(271)	(294)
Outstanding at December 31, 2017	**24,328**	**83,857**	**55,475**	**4,384**	**168,044**

* RSUs held by the Board of Directors includes RSUs granted to employee-elected Board Members as employees of Genmab A/S or its subsidiaries.

See note 5.1 for further information about the number of RSUs held by the Executive Management and the Board of Directors.

The weighted average fair value of RSUs granted was DKK 1,128.30 and DKK 1,145.00 in 2017 and 2016, respectively.

Warrant Program

Genmab A/S has established warrant programs (equity-settled share-based payment transactions) as an incentive for all the Genmab group's employees, and members of the Executive Management.

Warrants are granted by the Board of Directors in accordance with authorizations given to it by Genmab A/S' shareholders. Warrant grants to Executive Management are subject to the incentive guidelines (Remuneration Principles) adopted by the general meeting. Under the terms of the warrant programs, warrants are granted at an exercise price equal to the share price on the grant date. According to the warrant programs, the exercise price cannot be fixed at a lower price than the market price at the grant date. In connection with exercise, the warrants shall be settled with the delivery of shares in Genmab A/S.

The warrant programs contain anti-dilution provisions if changes occur in Genmab's share capital prior to the warrants being exercised.

Warrants Granted from August 2004 until April 2012

Under the August 2004 warrant program, warrants can be exercised starting from one year after the grant date. As a general rule, the warrant holder may only exercise 25% of the warrants granted per full year of employment or affiliation with Genmab after the grant date.

However, the warrant holder will be entitled to continue to be able to exercise all warrants on a regular schedule in instances where the employment relationship is terminated by Genmab without cause.

In case of a change of control event as defined in the warrant programs, the warrant holder will immediately be granted the right to exercise all of his/her warrants regardless of the fact that such warrants would otherwise only become fully vested at a later point in time. Warrant holders who are no longer employed by or affiliated with us will, however, only be entitled to exercise such percentages as would otherwise have vested under the terms of the warrant program.

Warrants Granted from April 2012 until March 2017

Following the Annual General Meeting in April 2012, a new warrant program was adopted by the Board of Directors. Whereas warrants granted under the August 2004 warrant program will lapse on the tenth anniversary of the grant date, warrants granted under the new April 2012 warrant program will lapse at the seventh anniversary of the grant date. All other terms in the warrant programs are identical.

Warrants Granted from March 2017

In March 2017, a new warrant program was adopted by the Board of Directors. Whereas warrants granted under the April 2012 warrant program vested annually over a four year period, warrants granted under the new March 2017 warrant program are subject to a cliff vesting period and become fully vested three years from the date of grant. All other terms in the warrant programs are identical.

Warrant Activity in 2017 and 2016

	Number of Warrants Held by the Board of Directors	Number of Warrants Held by the Executive Management	Number of Warrants Held by Employees	Number of Warrants Held by Former Members of the Executive Management, Board of Directors and Employees	Total Outstanding Warrants	Weighted Average Exercise Price
						DKK
Outstanding at January 1, 2016	**231,300**	**1,010,775**	**792,670**	**841,772**	**2,876,517**	**254.73**
Granted*	3,917	29,143	114,305	2,700	150,065	1,100.22
Exercised	(48,088)	(162,500)	(213,853)	(394,352)	(818,793)	255.75
Expired	–	–	–	(6,691)	(6,691)	175.48
Cancelled	–	–	(3,512)	(7,275)	(10,787)	440.61
Transfers	(57,387)	–	(45,513)	102,900	–	–
Outstanding at December 31, 2016	**129,742**	**877,418**	**644,097**	**539,054**	**2,190,311**	**311.52**
Exercisable at year end	98,125	788,388	260,047	527,859	1,674,419	212.05
Exercisable warrants in the money at year end	98,125	788,388	260,047	527,859	1,674,419	212.05
Outstanding at January 1, 2017	**129,742**	**877,418**	**644,097**	**539,054**	**2,190,311**	**311.52**
Granted*	4,125	59,819	118,745	–	182,689	1,123.91
Exercised	(31,625)	(377,500)	(131,709)	(294,784)	(835,618)	257.19
Expired	–	–	–	(8,200)	(8,200)	348.20
Cancelled	–	–	(73)	(10,923)	(10,996)	722.48
Transfers	(10,000)	–	(56,765)	66,765	–	–
Outstanding at December 31, 2017	**92,242**	**559,737**	**574,295**	**291,912**	**1,518,186**	**436.01**
Exercisable at year end	79,380	472,119	262,414	270,458	1,084,371	233.81
Exercisable warrants in the money at year end	78,400	464,832	241,241	269,313	1,053,786	201.27

* Warrants held by the Board of Directors includes warrants granted to employee-elected Board Members as employees of Genmab A/S or its subsidiaries.

See note 5.1 for further information about the number of warrants held by the Executive Management and the Board of Directors.

As of December 31, 2017, the 1,518,186 outstanding warrants amounted to 2% of the share capital (2016: 4%).

For exercised warrants in 2017 the weighted average share price at the exercise date amounted to DKK 1,368.32 (2016: DKK 1,050.02).

Weighted Average Outstanding Warrants at December 31, 2017

Exercise Price	Grant Date	Number of Warrants Outstanding	Weighted Average Remaining Contractual Life (in Years)	Number of Warrants Exercisable
DKK				
31.75	October 14, 2011	7,525	3.79	7,525
40.41	June 22, 2011	86,195	3.48	86,195
45.24	April 25, 2012	1,000	1.32	1,000
46.74	June 2, 2010	88,750	2.42	88,750
55.85	April 6, 2011	8,500	3.27	8,500
66.60	December 9, 2010	38,100	2.94	38,100
67.50	October 14, 2010	3,250	2.79	3,250
68.65	April 21, 2010	7,250	2.31	7,250
79.25	October 9, 2012	5,000	1.78	5,000
80.55	December 5, 2012	116,300	1.93	116,300
98.00	January 31, 2013	1,751	2.08	1,751
129.75	October 8, 2009	5,575	1.77	5,575
147.50	April 17, 2013	20,250	2.30	20,250
174.00	June 17, 2009	85,000	1.46	85,000
199.00	June 12, 2013	3,000	2.45	3,000
210.00	February 10, 2014	5,688	3.11	2,000
215.60	April 9, 2014	2,500	3.28	1,000
220.40	October 15, 2014	34,751	3.79	20,563
225.30	June 12, 2014	8,475	3.45	4,975
225.90	December 6, 2013	281,986	2.93	281,986
231.50	October 10, 2013	12,675	2.78	12,675
234.00	April 15, 2009	10,975	1.29	10,975
234.75	December 17, 2008	5,900	0.96	5,900
246.00	June 4, 2008	15,275	0.43	15,275
254.00	April 24, 2008	52,250	0.32	52,250
272.00	October 8, 2008	41,038	0.77	41,038
337.40	December 15, 2014	106,772	3.96	68,397
466.20	March 26, 2015	14,850	4.24	4,350
623.50	June 11, 2015	6,525	4.45	1,650
636.50	October 7, 2015	27,375	4.77	10,875
815.50	March 17, 2016	19,012	5.21	3,303
939.50	December 10, 2015	87,873	4.94	39,123
1,032.00	December 15, 2017	139,597	6.96	–
1,136.00	October 6, 2016	19,450	5.77	4,864
1,145.00	December 15, 2016	88,629	5.96	22,193
1,233.00	June 9, 2016	16,125	5.44	3,528
1,402.00	March 28, 2017	8,736	6.24	–
1,408.00	June 8, 2017	5,224	6.44	–
1,424.00	February 10, 2017	1,903	6.11	–
1,427.00	March 29, 2017	8,400	6.25	–
1,432.00	October 5, 2017	18,756	6.76	–
436.01		**1,518,186**	**3.57**	**1,084,366**

Weighted Average Outstanding Warrants at December 31, 2016

Exercise Price	Grant Date	Number of Warrants Outstanding	Weighted Average Remaining Contractual Life (in Years)	Number of Warrants Exercisable
DKK				
31.75	October 14, 2011	8,275	4.79	8,275
40.41	June 22, 2011	89,015	4.48	89,015
45.24	April 25, 2012	1,750	2.32	1,750
46.74	June 2, 2010	92,500	3.42	92,500
55.85	April 6, 2011	10,000	4.27	10,000
66.60	December 9, 2010	38,900	3.94	38,900
67.50	October 14, 2010	3,625	3.79	3,625
68.65	April 21, 2010	11,500	3.31	11,500
79.25	October 9, 2012	6,375	2.78	6,375
80.55	December 5, 2012	184,050	2.93	184,050
98.00	January 31, 2013	2,063	3.08	1,500
129.75	October 8, 2009	21,985	2.77	21,985
147.50	April 17, 2013	20,250	3.30	13,250
174.00	June 17, 2009	191,500	2.46	191,500
199.00	June 12, 2013	3,000	3.45	2,250
210.00	February 10, 2014	8,626	4.11	1,250
215.60	April 9, 2014	3,000	4.28	–
220.40	October 15, 2014	44,076	4.79	15,700
225.30	June 12, 2014	12,850	4.45	4,350
225.90	December 6, 2013	363,226	3.93	263,352
231.50	October 10, 2013	17,415	3.78	10,415
234.00	April 15, 2009	18,925	2.29	18,925
234.75	December 17, 2008	7,350	1.96	7,350
246.00	June 4, 2008	120,425	1.43	120,425
254.00	April 24, 2008	148,525	1.32	148,525
272.00	October 8, 2008	142,888	1.77	142,888
326.50	October 4, 2007	22,325	0.76	22,325
329.00	December 13, 2007	8,300	0.95	8,300
337.40	December 15, 2014	141,210	4.96	64,448
352.50	June 27, 2007	86,878	0.49	86,878
364.00	April 19, 2007	46,446	0.30	46,446
466.20	March 26, 2015	18,056	5.24	2,309
623.50	June 11, 2015	9,687	5.45	1,363
636.50	October 7, 2015	35,500	5.77	7,750
815.50	March 17, 2016	24,350	6.21	–
939.50	December 10, 2015	99,750	5.94	24,945
1,136.00	October 6, 2016	19,450	6.77	–
1,145.00	December 15, 2016	89,465	6.96	–
1,233.00	June 9, 2016	16,800	6.44	–
311.52		**2,190,311**	**3.38**	**1,674,419**

4.7
Share Capital

Share Capital

The share capital comprises the nominal amount of the parent company's ordinary shares, each at a nominal value of DKK 1. All shares are fully paid.

On December 31, 2017, the share capital of Genmab A/S comprised 61,185,674 shares of DKK 1 each with one vote. There are no restrictions related to the transferability of the shares. All shares are regarded as negotiable instruments and do not confer any special rights upon the holder, and no shareholder shall be under an obligation to allow his/her shares to be redeemed.

Until April 17, 2018, the Board of Directors is authorized to increase the nominal registered share capital on one or more occasions without pre-emption rights for the existing shareholders by up to nominally DKK 10,400,000 by subscription of new shares that shall have the same rights as the existing shares of Genmab. The capital increase can be made by cash or by non-cash payment. Within the authorizations to increase the share capital by nominally DKK 10,400,000 shares, the Board of Directors may on one or more occasions and without pre-emption rights for the existing shareholders of Genmab issue up to nominally DKK 2,000,000 shares to employees of Genmab, and Genmab's subsidiaries, by cash payment at market price or at a discount price as well as by the issue of bonus shares. No transferability restrictions or redemption obligations shall apply to the new shares, which shall be negotiable instruments in the name of the holder and registered in the name of the holder in Genmab's Register of Shareholders. The new shares shall give the right to dividends and other rights as determined by the Board in its resolution to increase capital.

By decision of the general meeting on April 17, 2013, the Board of Directors was authorized to issue on one or more occasions warrants to subscribe Genmab A/S' shares up to a nominal value of DKK 600,000. This authorization shall remain in force for a period ending on April 17, 2018. Further, by decision of the general meeting on April 9, 2014, the Board of Directors was authorized to issue on one or more occasions warrants to subscribe Genmab A/S' shares up to a nominal value of DKK 500,000. This authorization shall remain in force for a period ending on April 9, 2019. Moreover, by decision of the general meeting on March 28, 2017, the Board of Directors was authorized to issue on one or more occasions warrants to subscribe Genmab A/S' shares up to a nominal value of DKK 500,000. This authorization shall remain in force for a period ending on March 28, 2022.

Subject to the rules in force at any time, the Board of Directors may reuse or reissue lapsed non-exercised warrants, if any, provided that the reuse or reissue occurs under the same terms and within the time limitations set out in the authorization to issue warrants.

As of December 31, 2017, a total of 600,000 warrants have been issued, and a total of 17,750 warrants have been reissued under the April 17, 2013 authorization, a total of 500,000 warrants have been issued and a total of 17,404 warrants have been reissued under the April 9, 2014 authorization, and a total of 71,750 warrants have been issued under the March 28, 2017 authorization. A total of 428,250 warrants remain available for issue and a total of 6,150 warrants remain available for reissue as of December 31, 2017.

By decision of the general meeting on March 17, 2016, the Board of Directors was authorized to repurchase Genmab A/S' shares up to a nominal value of DKK 500,000 (500,000 shares). This authorization shall remain in force for a period ending on March 17, 2021.

As of December 31, 2017, a total of 100,000 shares, with a nominal value of DKK 100,000, have been repurchased under the March 17, 2016 authorization. A total of 400,000 shares, with a nominal value of DKK 400,000, remain available to repurchase as of December 31, 2017.

Share Premium

The share premium reserve is comprised of the amount received, attributable to shareholders' equity, in excess of the nominal amount of the shares issued at the parent company's offerings, reduced by any amount allocated to deferred income note 2.1 and external expenses directly attributable to the offerings. The share premium reserve can be distributed.

Distribution of the Year's Result

The Board of Directors proposes that the parent company's 2017 net income of DKK 1,236 million (2016: net income of DKK 1,331 million) be carried forward to next year by transfer to accumulated deficit.

Changes in Share Capital during 2011 to 2017

The share capital of DKK 61 million at December 31, 2017 is divided into 61,185,674 shares at a nominal value of DKK 1 each.

	Number of Shares	Share Capital
		DKK'000
December 31, 2011	**44,907,142**	**44,907**
Shares issued for cash	5,400,000	5,400
Exercise of warrants	750	1
December 31, 2012	**50,307,892**	**50,308**
Exercise of warrants	1,447,830	1,448
December 31, 2013	**51,755,722**	**51,756**
Shares issued for cash	4,600,000	4,600
Exercise of warrants	611,697	611
December 31, 2014	**56,967,419**	**56,967**
Exercise of warrants	2,563,844	2,564
December 31, 2015	**59,531,263**	**59,531**
Exercise of warrants	818,793	819
B/S **December 31, 2016**	**60,350,056**	**60,350**
Exercise of warrants	835,618	836
B/S **December 31, 2017**	**61,185,674**	**61,186**

During 2017, 835,618 new shares were subscribed at a price of DKK 31.75 to DKK 1,233 in connection with the exercise of warrants under Genmab's warrant program.

During 2016, 818,793 new shares were subscribed at a price of DKK 31.75 to DKK 636.50 in connection with the exercise of warrants under Genmab's warrant program.

During 2015, 2,563,844 new shares were subscribed at a price of DKK 26.75 to DKK 364.00 in connection with the exercise of warrants under Genmab's warrant program.

During 2014, 611,697 new shares were subscribed at a price of DKK 26.75 to DKK 234.00 in connection with the exercise of warrants under Genmab's warrant program.

On January 24, 2014 Genmab completed a private placement with the issuance of 4,600,000 new shares.

During 2013, 1,447,830 new shares were subscribed at a price of DKK 26.75 to DKK 184.00 in connection with the exercise of warrants under Genmab's warrant program.

In October 2012, Genmab issued 5,400,000 new shares in connection with the global license and development agreement for daratumumab. Johnson & Johnson Development Corporation (JJDC) invested DKK 475 million of which DKK 366 million was recognized in equity. The remaining part was allocated to deferred income. Please refer to our accounting policies as outlined in note 2.1.

Treasury Shares

	Number of Shares	Share Capital	Proportion of Share Capital	Cost
		DKK'000	%	DKK'000
Shareholding at December 31, 2015	**–**	**–**	**–**	**–**
Purchase of treasury shares	100,000	100	–	118,099
Shareholding at December 31, 2016	**100,000**	**100**	**0.2**	**118,099**
Purchase of treasury shares	–	–	–	–
Shareholding at December 31, 2017	**100,000**	**100**	**0.2**	**118,099**

During 2016, Genmab acquired 100,000 of its own shares at a cost of DKK 118 million to cover its future obligations under the RSU program. There were no additional acquisitions of treasury shares in 2017.

The shares were acquired in accordance with the authorization granted by the Annual General Meeting in March 2016 and was carried out in compliance with applicable laws, the Nasdaq Copenhagen issuer rules and Genmab's internal policies on trading with shares of Genmab A/S.

Section 5
Other Disclosures

This section is comprised of various statutory disclosures or notes that are of secondary importance for the understanding of the Genmab group's financials. This section also includes various notes with information only related to financial statements of the parent company.

5.1
Remuneration of the Board of Directors and Executive Management

The total remuneration of the Board of Directors and Executive Management is as follows:

	Genmab Group		Parent Company	
	2017	2016	2017	2016
	DKK'000	DKK'000	DKK'000	DKK'000
Wages and salaries	38,208	25,632	9,120	6,570
Share-based compensation expenses	28,103	17,188	7,634	4,292
Defined contribution plans	1,315	966	–	–
Total	**67,626**	**43,786**	**16,754**	**10,862**

The remuneration packages for the Board of Directors and Executive Management are described below in further detail. The remuneration packages are denominated in DKK, EUR, or USD. The Compensation Committee performs an annual review of the remuneration packages. All incentive and variable remuneration shall be considered and adopted at the company's annual general meeting.

In accordance with Genmab's accounting policies, described in note 2.3, share-based compensation is included in the income statement and reported in the remuneration tables in this note. Such share-based compensation expense represents a calculated fair value of instruments granted and does not represent actual cash compensation received by the board members or executives. Refer to note 4.6 for information about Genmab's share-based compensation programs.

Remuneration to the Board of Directors

	Purpose and Link to Strategy	Performance Metrics	Opportunity	Changes Compared to 2016
Annual Board Base Fee and Fees for Committee Work	Ensure Genmab can attract and retain qualified individuals to the Board of Directors	Any increase based on benchmarks for other similar international biotech companies	Basic board fee of DKK 400,000 – Deputy Chairman receives double and Chairman receives triple Committee membership basic fee of up to DKK 100,000 with Committee Chairman receiving up to DKK 150,000 plus a fee per meeting of DKK 10,000	Basic board fee increased by DKK 25,000 Committee membership basic fee increased by DKK 25,000 and fee per meeting increased DKK 1,000
Share-Based Compensation	Incentivize members of the Board of Directors over the longer term aligned to strategy and creation of shareholder value	Linked to Genmab's financial and strategic priorities as an incentive to increase the future value of the company but also in recognition of past contributions and accomplishments	A new member of the Board of Directors may be granted RSUs upon election corresponding to a value (at the time of grant) of up to four (4) times the fixed annual base fee In addition the members of the Board of Directors may be granted RSUs corresponding to a value (at the time of grant) of up to one (1) times the fixed annual base fee, for the Chairman the value shall be of up to two (2) times the fixed annual base fee and for the Deputy Chairman the value shall be of up to one point five (1.5) times the fixed annual base fee on an annual basis. Grants of RSUs may depend on the financial results of the year in question, the progress of the company's product pipeline as well as specific major important events The share-based compensation expense for 2017 of DKK 5 million shown below includes the amortization of the non-cash share-based compensation expense relating to warrants and RSUs granted over several periods. Please refer to the "Number of RSUs held" and "Number of warrants held" overviews in note 4.6 for further details	None Board of Directors grant decreased from 1.2 times the fixed annual base fee to 1 times the annual base fee Chairman's RSU grant decreased from 2.4 times the fixed annual base fee to 2 times the annual base fee Deputy Chairman's RSU grant decreased from 1.8 times the fixed annual base fee to 1.5 times the annual base fee

	Base Board Fee	Committee Fees	Share-based Compensation Expenses	2017	Base Board Fee	Committee Fees	Share-based Compensation Expenses	2016
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Mats Pettersson	1,200	367	1,013	2,580	1,125	262	1,008	2,395
Anders Gersel Pedersen	800	263	704	1,767	750	161	609	1,520
Pernille Erenbjerg	400	288	716	1,404	375	235	571	1,181
Paolo Paoletti	400	138	716	1,254	375	63	571	1,009
Rolf Hoffmann*	300	185	411	896	–	–	–	-
Deirdre P. Connelly*	300	178	411	889	–	–	–	-
Peter Storm Kristensen**	400	–	154	554	294	–	7	301
Rick Hibbert**	400	–	154	554	294	–	7	301
Daniel J. Bruno**	400	–	154	554	294	–	7	301
Burton G. Malkiel***	100	34	927	1,061	375	126	447	948
Tom Vink****	–	–	–	–	63	–	(184)	(121)
Nedjad Losic****	–	–	–	–	63	–	(184)	(121)
Total	**4,700**	**1,453**	**5,360**	**11,513**	**4,008**	**847**	**2,859**	**7,714**

* Elected by the Annual General Meeting in March 2017.
** Employee elected board member.
*** Stepped down from the Board of Directors at the Annual General Meeting in March 2017.
**** Stepped down from the Board of Directors at the Annual General Meeting in March 2016.

For further information about the Board of Directors please refer to the section “Board of Directors” in the Management’s Review.

Remuneration to the Executive Management

	Purpose and Link to Strategy	Performance Metrics	Opportunity	Changes Compared to 2016
Base Salary	Reflect the individual's skills and experience, role and responsibilities	Any increase based both on individual and company performance as well as benchmark analysis	Fixed	Effective, January 1, 2017, base salary increased by 3% for the CEO and 3% for the CFO in local currency (2016: 25% for CEO & 10% for CFO) Effective, July 1, 2017, base salary increased 3% for the CDO in local currency
Pension and Other Benefits	Provide a framework to save for retirement	None	Fixed amount or percentage of base salary	None
	Provide customary benefits including car and telephone allowance			None
	Provide sign-on bonus for new executive management		A new member of the executive management may receive a sign-on payment upon engagement subject to certain claw-back provisions. CDO received a sign-on bonus of USD 1 million in 2017	None
	Provide tax equalization payment for executive management		CFO received USD 158,508 payment to tax equalize him for the higher tax rate in Denmark versus his resident country of the United States	None
Annual Cash Bonus	Incentivize executives to achieve key objectives on an annual basis	Achievement of predetermined and well-defined annual milestones	Maximum 60% to 100% of annual gross salaries dependent on their position	None
			Extraordinary bonus of a maximum up to 15% of their annual gross salaries, based on the occurrence of certain special events or achievements	None
			The bonus programs may enable the Executive Management members to earn a bonus per calendar year of up to an aggregate amount of approximately DKK 10 million (annual) and DKK 1.5 million (extraordinary). In 2017, the current Executive Management team received a total cash bonus of DKK 10 million (2016: DKK 11 million)	None

Remuneration to the Executive Management

	Purpose and Link to Strategy	Performance Metrics	Opportunity	Changes Compared to 2016
Share-Based Compensation	Incentivize executives over the longer term aligned to strategy and creation of shareholder value	Linked to Genmab's financial and strategic priorities as an incentive to increase the future value of the company but also in recognition of past contributions and accomplishments	As a main rule, the members of the executive management may on an annual basis be granted share-based instruments corresponding to a value (at the time of grant) of up to two (2) times the member's annual base salary, calculated before any pension contribution and bonus payment, in the year of grant. However, in exceptional cases, international, and in particular US based, members of the executive management, may on an annual basis be granted share-based instruments corresponding to a value (at the time of grant) of up to four (4) times the member's annual base salary, calculated before any pension contribution and bonus payment, in the year of grant	New clause to permit granting share-based instruments corresponding to a value of up to four (4) times the executive member's annual base salary in exceptional cases, calculated before any pension contribution and bonus payment, in the year of grant
			Notwithstanding the above, in no event may the value (at the time of grant) of share-based instruments granted to a member of the executive management on an annual basis exceed DKK 25 million. Annual grant of share-based instruments to members of the executive management is used primarily as an incentive to increase the future value of the company but also in recognition of past contributions and accomplishments	An annual cap that grants may not exceed DKK 25 million
			Furthermore, a new member of the executive management may be granted share-based instruments upon engagement or promotion	CDO received grants of 8,400 warrants and 2,800 RSUs upon engagement in 2017
			The share-based instruments granted to the members of the executive management may be in the form of restricted stock units or a combination of restricted stock units and warrants (options to subscribe for shares in the company). If members of the executive management are granted a combination of restricted stock units and warrants, the proportional value of the warrants may not exceed 50% of the total value (at the time of grant). Vesting of restricted stock units and warrants granted to members of the executive management may be subject to fulfilment of forward-looking performance criteria as determined by the Board of Directors	Proportional value of warrants may not exceed 50% of the total value (at the time of grant)
			The share-based compensation expense for 2017 of DKK 23 million shown below includes the amortization of the non-cash share-based compensation expense relating to warrants and RSUs granted over several periods. In 2017, 59,819 warrants and 19,599 RSUs were granted to the Executive Management, with a total fair value of DKK 43 million (2016: 29,143 warrants and 9,453 RSUs, with a fair value of DKK 22 million). Refer to the "Number of RSUs held" and "Number of warrants held" overviews in note 4.6 for further details	

2017	Base Salary	Defined Contribution Plans	Other Benefits	Annual Cash Bonus	Share-based Compensation Expenses	Total Genmab Group	Parent Company*
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Jan van de Winkel	6,867	1,057	241	6,180	12,635	26,980	2,698
David A. Eatwell	3,961	177	1,045	2,139	7,949	15,271	1,262
Judith Klimovsky	3,083	81	6,595	1,944	2,159	13,862	1,282
Total	**13,911**	**1,315**	**7,881**	**10,263**	**22,743**	**56,113**	**5,242**

2016							
Jan van de Winkel	6,006	787	241	7,674	8,770	23,478	2,214
David A. Eatwell	3,747	179	165	2,944	5,559	12,594	934
Total	**9,753**	**966**	**406**	**10,618**	**14,329**	**36,072**	**3,148**

* Included base salary and other remuneration of DKK 3.0 million (2016: DKK 1.7 million) and share-based compensation expenses of DKK 2.3 million (2016: DKK 1.4 million).

For further information about the Executive Management, refer to the section “Senior Leadership” in the Management’s Review.

Severance Payments

In the event Genmab terminates the service agreements with each member of the Executive Management team without cause, Genmab is obliged to pay the Executive Officer his existing salary for one or two years after the end of the one year notice period. In case of the termination of the service agreements of the Executive Management without cause, the total impact on our financial position is estimated to approximately DKK 40 million as of December 31, 2017 (2016: DKK 39 million).

The severance payments follow the Recommendations which provide that termination payments should not amount to more than two years’ annual remuneration.

Refer to note 5.5 regarding the potential impact in the event of change of control of Genmab.

Number of Ordinary Shares Owned and Share-Based Instruments Held

Number of Ordinary Shares Owned	December 31, 2016	Acquired	Sold	Transfers	December 31, 2017	Market Value DKK'000*
Board of Directors						
Mats Pettersson	10,000	–	–	–	10,000	10,290
Anders Gersel Pedersen	7,000	–	–	–	7,000	7,230
Burton G. Malkiel	19,375	2,000	–	(21,375)	–	–
Pernille Erenbjerg	–	–	–	–	–	–
Paolo Paoletti	637	–	–	–	637	655
Rolf Hoffmann	–	1,050	–	–	1,050	1,080
Deirdre P. Connelly	–	–	–	–	–	–
Peter Storm Kristensen	–	–	–	–	–	–
Rick Hibbert	–	–	–	–	–	–
Daniel J. Bruno	–	–	–	–	–	–
Total	**37,012**	**3,050**	**–**	**(21,375)**	**18,687**	**19,228**
Executive Management						
Jan van de Winkel	602,500	37,500	–	–	640,000	658,560
David A. Eatwell	2,500	15,000	–	–	17,500	18,008
Judith Klimovsky	–	–	–	–	–	–
	605,000	**52,500**	**–**	**–**	**657,500**	**676,568**
Total	**642,012**	**55,550**	**–**	**(21,375)**	**676,187**	**695,796**

* Market value is based on the closing price of the parent company's shares on the NASDAQ Copenhagen A/S at the balance sheet date or the last trading day prior to the balance sheet date.

Number of Warrants Held	December 31, 2016	Granted	Exercised	Expired	Transfers	December 31, 2017	Black - Scholes Value Warrants Granted in 2017	Weighted Average Exercise Price Outstanding Warrants
Board of Directors							DKK	DKK
Mats Pettersson	38,750	–	–	–	–	38,750	–	187.96
Anders Gersel Pedersen	54,000	–	(21,250)	–	–	32,750	–	108.80
Burton G. Malkiel	14,500	–	(4,500)	–	(10,000)	–	–	–
Pernille Erenbjerg	–	–	–	–	–	–	–	–
Paolo Paoletti	–	–	–	–	–	–	–	–
Rolf Hoffmann	–	–	–	–	–	–	–	–
Deirdre P. Connelly	–	–	–	–	–	–	–	–
Peter Storm Kristensen*	1,917	598	–	–	–	2,515	201,592	663.38
Rick Hibbert*	1,962	239	(750)	–	–	1,451	80,569	531.65
Daniel J. Bruno*	18,613	3,288	(5,125)	–	–	16,776	1,108,418	799.19
	129,742	**4,125**	**(31,625)**	**–**	**(10,000)**	**92,242**	**1,390,579**	**289.39**
Executive Management								
Jan van de Winkel	392,841	24,461	(252,500)	–	–	164,802	8,246,048	455.68
David A. Eatwell	484,577	13,479	(125,000)	–	–	373,056	4,543,906	183.50
Judith Klimovsky	–	21,879	–	–	–	21,879	8,520,802	1,183.65
	877,418	**59,819**	**(377,500)**	**–**	**–**	**559,737**	**21,310,756**	**302.73**
Total	**1,007,160**	**63,944**	**(409,125)**	**–**	**(10,000)**	**651,979**	**22,701,335**	**300.84**

* Each employee-elected Board Member was granted warrants as an employee of Genmab A/S or its subsidiaries.

Number of RSUs held	December 31, 2016	Granted	Settled	Transfers	December 31, 2017	Fair Value RSUs Granted in 2017
Board of Directors						DKK
Mats Pettersson	4,043	775	–	–	4,818	799,800
Anders Gersel Pedersen	3,032	581	–	–	3,613	599,592
Burton G. Malkiel	2,021	–	–	(2,021)	–	–
Pernille Erenbjerg	3,571	388	–	–	3,959	400,416
Paolo Paoletti	3,571	388	–	–	3,959	400,416
Rolf Hoffmann	–	1,509	–	–	1,509	2,000,083
Deirdre P. Connelly	–	1,509	–	–	1,509	2,000,083
Peter Storm Kristensen*	508	583	–	–	1,091	601,656
Rick Hibbert*	458	466	–	–	924	480,912
Daniel J. Bruno*	1,484	1,462	–	–	2,946	1,508,784
	18,688	**7,661**	**–**	**(2,021)**	**24,328**	**8,791,742**
Executive Management						
Jan van de Winkel	39,606	7,991	–	–	47,597	8,246,712
David A. Eatwell	24,652	4,404	–	–	29,056	4,544,928
Judith Klimovsky	–	7,204	–	–	7,204	8,540,528
	64,258	**19,599**	**–**	**–**	**83,857**	**21,332,168**
Total	**82,946**	**27,260**	**–**	**(2,021)**	**108,185**	**30,123,910**

* Each employee-elected Board Member was granted 388 RSUs as a member of the Board of Directors. The remaining RSUs were granted as an employee of Genmab A/S or its subsidiaries.

Following Genmab A/S' Annual General Meeting on March 28, 2017, the Board of Directors is comprised of five independent directors, one non-independent director, and three employee-elected directors. Mats Pettersson, Dr. Anders Gersel Pedersen, Dr. Paolo Paoletti and Pernille Erenbjerg were re-elected to the Board of Directors for a one year period. Rolf Hoffmann and Deirdre P. Connelly were elected to the Board of Directors for a one year period. Dr. Burton G. Malkiel stepped down from the Board of Directors. The re-classification of the board members' shares and share-based instruments is shown in the transferred column of the tables above. The Board of Directors convened and constituted itself with Mr. Pettersson as Chairman and Dr. Pedersen as Deputy Chairman.

Other than the remuneration to the Board of Directors and the Executive Management and the transactions detailed in the tables above, no other significant transactions took place during 2017.

5.2
Related Party Disclosures

Genmab's related parties are:

- The parent company's subsidiaries
- The parent company's Board of Directors, Executive Management, and close members of the family of these persons.

The Parent Company's Transactions with Subsidiaries

Genmab B.V., Genmab Holding B.V., and Genmab US, Inc. are 100% (directly or indirectly) owned subsidiaries of Genmab A/S and are included in the consolidated financial statements. They perform certain research & development, general & administrative, and management activities on behalf of the parent company. Genmab B.V. owns the HexaBody technology and the parent company performs certain research and development activities related to the HexaBody technology on behalf of Genmab B.V. All intercompany transactions have been eliminated in the consolidated financial statements of the Genmab group.

	Parent Company	
	2017	2016
Transactions with subsidiaries:	DKK'000	DKK'000
Income Statement:		
Service fee income	8,515	74,011
Service fee costs	(324,421)	(217,377)
Financial income	1,363	2,115
Balances with subsidiaries:		
Current receivables	–	71,707
Current payables	(209,716)	(111,148)

Genmab A/S has placed at each subsidiary's disposal a credit facility (denominated in local currency) that the subsidiary may use to draw from in order to secure the necessary funding of its activities.

The Group's Transactions with the Board of Directors and Executive Management

Genmab has not granted any loans, guarantees, or other commitments to or on behalf of any of the members in the Board of Directors or Executive Management.

Other than the remuneration and other transactions relating to the Board of Directors and Executive Management described in note 5.1, no other significant transactions have taken place with the Board of Directors or the Executive Management during 2017 and 2016.

5.3
Equity Interests in Subsidiaries

Genmab A/S (parent company) holds investments either directly or indirectly in the following subsidiaries:

Name	Domicile	Ownership and Votes 2017	Ownership and Votes 2016
Genmab B.V.	Utrecht, the Netherlands	100%	100%
Genmab Holding B.V.	Utrecht, the Netherlands	100%	100%
Genmab US, Inc.	New Jersey, USA	100%	100%

Investments in subsidiaries are subject to a yearly assessment by the group's management for impairment indications and, if necessary, an impairment test is carried out. In 2017 and 2016 there were no impairment indications noted.

	Parent Company	
	2017	2016
	DKK'000	DKK'000
Cost per January 1	2,359,917	2,231,898
Additions for the year	480,141	128,019
Cost per December 31	**2,840,058**	**2,359,917**
Impairment per January 1	(1,928,768)	(1,928,768)
Impairment for the year	–	–
Impairment per December 31	**(1,928,768)**	**(1,928,768)**
B/S **Carrying amount per December 31**	**911,290**	**431,149**

§ Accounting Policies

In the separate financial statements of the parent company Genmab A/S, equity interests in subsidiaries are recognized and measured at cost. Equity interests in foreign currencies are translated to the reporting currency by use of historical exchange rates prevailing at the time of investment. The cost is written down to the recoverable amount if this is lower.

Distributions from the investment are recognized as income when declared, if any. An impairment test is performed if a distribution exceeds the current period's comprehensive income or the subsidiary exceeds the carrying amount of the net assets of the subsidiary in the consolidated financial statements.

5.4
Commitments

Guarantees and Collaterals

There were no bank guarantees as of December 31, 2017. The group, through a bank deposit, established a bank guarantee of DKK 3 million relating to the lease of an office building as of December 31, 2016. In the separate financial statements of the parent company, no such guarantees have been established.

Operating Leases

The group has entered into operating lease agreements with respect to office space and office equipment. The leases are non-cancelable for various periods up to 2025.

Future minimum payments under our operating leases as of December 31, 2017 and December 31, 2016, are as follows:

	Genmab Group		Parent Company	
	2017	2016	2017	2016
Payment due	DKK'000	DKK'000	DKK'000	DKK'000
Within 1 year	30,646	24,116	9,592	3,352
From 1 to 5 years	106,266	57,229	33,803	344
After 5 years	52,603	68,695	–	–
Total	**189,515**	**150,040**	**43,395**	**3,696**
Expenses recognized in the income statement	31,687	17,948	7,642	3,569

Other Purchase Obligations

The parent company and the group have entered into a number of agreements primarily related to research and development activities carried out by Genmab. Under the current development plans, the contractual obligations amounted to DKK 356 million (2016: DKK 91 million). In the parent company, the contractual obligations amounted to DKK 356 million (2016: DKK 91 million).

During 2015 the group entered into an operating lease agreement for a new research and office facility, which we expect to occupy in the first quarter of 2018. Prior to occupying the new facility, we expect capital expenditure obligations for the purchase of leasehold improvements and equipment, furniture, and fixtures to total approximately DKK 24 million (2016: DKK 61 million).

§ Accounting Policies

Leasing

Lease contracts, which in all material respects transfer the significant risks and rewards associated with the ownership of the asset to the lessee, are classified as finance leases. Assets treated as finance leases are recognized in the balance sheet at the inception of the lease term at the lower of the fair value of the asset or the net present value of the future minimum lease payments. A liability equaling the asset is recognized in the balance sheet. Each lease payment is separated between a finance charge, recorded as a financial expense, and a reduction of the outstanding liability.

Assets under finance leases are depreciated in the same manner as owned assets and are subject to regular reviews for impairment.

Lease contracts, where the lessor retains the significant risks and rewards associated with the ownership of the asset, are classified as operating leases.

Lease payments under operating leases are recognized in the income statement over the lease term. The total lease commitment under operating leases is disclosed in the notes to the financial statements.

5.5 Contingent Assets, Contingent Liabilities and Subsequent Events

Contingent Assets and Liabilities

License and Collaboration Agreements

We are entitled to potential milestone payments and royalties on successful commercialization of products developed under license and collaboration agreements with our partners. Since the size and timing of such payments are uncertain until the milestones are reached, the agreements may qualify as contingent assets. However, it is impossible to measure the value of such contingent assets, and, accordingly, no such assets have been recognized.

As part of the license and collaboration agreements that Genmab has entered into, once a product is developed and commercialized, Genmab may be required to make milestone and royalty payments. It is impossible to measure the value of such future payments, but Genmab expects to generate future income from such products which will exceed any milestone and royalty payments due, and accordingly no such liabilities have been recognized.

Derivative Financial Instruments

Genmab has entered into an International Swaps and Derivatives Association master agreement; see note 4.2. The master agreement with Genmab's financial institution counterparty also includes a credit support annex which contains provisions that require Genmab to post collateral should the value of the derivative liabilities exceed DKK 50 million (2016: DKK 50 million). As of December 31, 2017 and 2016, Genmab has not been required to post any collateral.

In addition, the agreement requires Genmab to maintain a cash position of DKK 258.5 million at all times or the counterparty has the right to terminate the agreement. Upon termination, the DKK 50 million (2016: DKK 50 million) threshold amount is no longer applicable and the value of the derivative liability, if any, could be due to the counterparty upon request.

Legal Matter – MorphoSys Patent Infringement Complaint

In April 2016, MorphoSys filed a complaint at the U.S. District Court of Delaware against Genmab and Janssen Biotech, Inc., for patent infringement under U.S. patent no. 8,263,746 based on activities relating to the manufacture, use and sale of DARZALEX in the U.S. In February 2017, MorphoSys was allowed to amend its complaint to include a second U.S. patent, U.S. patent no. 9,200,061, into the case. In October 2017, the U.S. District Court of Delaware allowed MorphoSys to amend its complaint to include a third U.S. patent, U.S. patent no. 9,758,590, which is related to the '746 and '061 patents. The parties agreed to include this third patent for case efficiency, and it is not expected to change the merits of the case. The trial date has been rescheduled to February 2019 from the original trial date of August 2018. Jury trial has been requested by MorphoSys. Genmab and Janssen disagree with the allegations made by MorphoSys in its complaint for patent infringement and vigorously contest those allegations.

Change of Control

In the event of a change of control, change of control clauses are included in some of our collaboration, development and license agreements as well as in service agreements for certain employees.

Collaboration, Development And License Agreements

We have entered into collaboration, development and license agreements with external parties, which may be subject to renegotiation in case of a change of control event in Genmab A/S. However, any changes in the agreements are not expected to have significant influence on our financial position.

Service Agreements With Executive Management And Employees

The service agreements with each member of the Executive Management may be terminated by Genmab with no less than 12 months' notice and by the member of the Executive Management with no less than six months' notice. In the event of a change of control of Genmab, the termination notice due to the member of the Executive Management is extended to 24 months. In the event of termination by Genmab (unless for cause) or by a member of Executive Management as a result of a change of control of Genmab, Genmab is obliged to pay a member of Executive Management a compensation equal to his existing total salary (including benefits) for up to two years in addition to the notice period. In case of a change of control event and the termination of service agreements of the Executive Management, the total impact on our financial position is estimated to approximately DKK 93 million as of December 31, 2017 (2016: DKK 93 million).

In addition, Genmab has entered into service agreements with 27 (2016: 27) current employees according to which Genmab may become obliged to compensate the employees in connection with a change of control of Genmab. If Genmab as a result of a change of control terminates the service agreement without cause, or changes the working conditions to the detriment of the employee, the employee shall be entitled to terminate the employment relationship without further cause with one month's notice in which case Genmab shall pay the employee a compensation equal to one-half, one or two times the employee's existing annual salary (including benefits). In case of the change of control event and the termination of all 27 service agreements the total impact on our financial position is estimated to approximately DKK 75 million as of December 31, 2017 (2016: DKK 69 million).

With respect to change of control clauses related to share-based instruments granted to the Executive Management and employees, refer to note 4.6.

Subsequent Events

Subsequent to the balance sheet date, on January 22, 2018, Genmab announced that Novartis intends to transition the commercial availability of Arzerra to limited availability via compassionate use programs for the treatment of CLL in non-U.S. markets, but will continue to market for CLL in the U.S. Novartis will work with regulatory authorities to establish compassionate use programs so that patients benefitting from Arzerra can remain on treatment. Genmab will receive USD 50 million from Novartis as payment for lost potential milestones and royalties.

No other events that could significantly affect the financial statements as of December 31, 2017 have occurred.

§ Accounting Policies

Contingent Assets And Liabilities

Contingent assets and liabilities are assets and liabilities that arose from past events but whose existence will only be confirmed by the occurrence or non-occurrence of future events that are beyond Genmab's control.

Contingent assets and liabilities are not to be recognized in the financial statements, but are disclosed in the notes.

5.6
Fees to Auditors Appointed at the Annual General Meeting

	Genmab Group		Parent Company	
	2017	2016	2017	2016
	DKK'000	DKK'000	DKK'000	DKK'000
PricewaterhouseCoopers				
Audit services	1,133	1,026	804	708
Audit-related services	379	146	379	146
Tax and VAT services	686	609	686	534
Other services	40	38	40	38
Total	**2,238**	**1,819**	**1,909**	**1,426**

Fees for other services than statutory audit of the financial statements provided by PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab amounted to DKK 1.1 million. Other services than statutory audit of the financial statements comprise services relating to tax and VAT compliance, agreed-upon procedures, and opinions relating to grants, as well as accounting advice.

5.7
Adjustments to Cash Flow Statement

	Note	Genmab Group		Parent Company	
		2017	2016	2017	2016
		DKK'000	DKK'000	DKK'000	DKK'000
Adjustments for non–cash transactions:					
Depreciation and amortization	3.1, 3.2	69,751	40,956	52,387	25,381
Net loss (gain) on sale of equipment		159	45	159	–
Share–based compensation expenses	2.3, 4.6	75,985	53,188	23,989	18,312
Total adjustments for non–cash transactions		**145,895**	**94,189**	**76,535**	**43,693**
Changes in working capital:					
Receivables		270,352	(794,935)	278,983	(796,400)
Deferred income		(77,502)	(54,558)	(77,502)	(54,558)
Other payables		46,796	(9,378)	22,895	34,073
Total changes in working capital		**239,646**	**(858,871)**	**224,376**	**(816,885)**

Directors' and Management's Statement on the Annual Report

The Board of Directors and Executive Management have today considered and adopted the Annual Report of Genmab A/S for the financial year 1 January to 31 December 2017.

The Annual Report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position at 31 December 2017 of the Group and the Parent Company and of the results of the Group and the Parent Company operations and cash flows for 2017.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Group and the Parent Company, of the results for the year and of the financial position of the Group and the Parent Company as well as a description of the most significant risks and elements of uncertainty facing the Group and the Parent Company.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, February 21, 2018

Executive Management

Jan van de Winkel
(President & CEO)

David A. Eatwell
(Executive Vice President & CFO)

Judith Klimovsky
(Executive Vice President & CDO)

Board of Directors

Mats Pettersson
(Chairman)

Anders Gersel Pedersen
(Deputy Chairman)

Rolf Hoffmann

Pernille Erenbjerg

Paolo Paoletti

Deirdre P. Connelly

Rick Hibbert
(Employee elected)

Daniel J. Bruno
(Employee elected)

Peter Storm Kristensen
(Employee elected)

Independent Auditor's Report

To the shareholders of Genmab A/S

Our opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2017 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January to 31 December 2017 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Our opinion is consistent with our Auditor's Long-form Report to the Audit Committee and the Board of Directors.

What we have audited

The Consolidated Financial Statements and Parent Company Financial Statements of Genmab A/S for the financial year 1 January to 31 December 2017 comprise income statement and statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including summary of significant accounting policies for the Group as well as for the Parent Company. Collectively referred to as the "Financial Statements".

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code.

To the best of our knowledge and belief, prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 were not provided.

Appointment

Following the listing of the shares of Genmab A/S on Nasdaq Copenhagen, we were first appointed auditors of Genmab A/S on 22 March 2001. We have been reappointed annually by shareholder resolution for a total period of uninterrupted engagement of 17 years including the financial year 2017.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements for 2017. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition on research and development and collaboration agreements Genmab recognizes revenue when it is probable that future economic benefits will flow to the group and these benefits can be measured reliably and is expected to be received. Further, revenue is recognized when all significant risks and rewards in the transaction have been transferred to the buyer. Revenue recognition involves accounting for research and development and collaboration agreements including simultaneous transactions and multiple elements such as upfront payments, milestone payments, royalties and reimbursement of costs. We focused on this area because timing of revenue recognition in the income statement has inherent complexities and requires significant judgment and estimation by management. Reference is made to note 2.1.	We discussed revenue recognition principles with Management. Our audit procedures in regard of revenue recognition included testing of relevant internal controls. We read relevant agreements to assess whether the revenue recognition was consistent with accounting standards, and had been applied consistently. We considered the reasonableness of the judgments made by Management in determining the relevant assumptions utilized in calculating recognized revenue. We tested a sample of transactions of revenue recognized in the income statement (revenue) and the balance sheet (deferred revenue) for accurate calculation and appropriately recognition based on agreements, recognition principles and Managements estimates and judgements.
Recognition of deferred tax assets Genmab recognizes deferred tax assets resulting from temporary differences, including the tax value of losses to be carried forward, only to the extent that it is probable that future taxable profit will be available against which the deferred tax assets can be utilized. Changes in future taxable income impact the utilization of deferred tax assets, recognized as well as and unrecognized deferred tax assets. We focused on this area because recognition of deferred tax assets requires significant judgment and estimation by Management. These mainly involve estimates based on certain assumptions in relation to future taxable income. Reference is made to note 2.4.	We discussed deferred tax asset recognition principles with Management. Our audit procedures included evaluating the assessments made by Management with regard to future taxable income and the utilization of the deferred tax assets, by comparing Management's assessment with evidence obtained, such as budgets and business plans. We critically assessed the assumptions and judgments in these budgets and business plans by considering the basis for management's key assumptions and the historical accuracy of budgets. We performed substantive audit procedures on the recognition of deferred tax assets.

Statement on Management's Review

Management is responsible for Management's Review

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Moreover, we considered whether Management's Review includes the disclosures required by the Danish Financial Statements Act.

Based on the work we have performed, in our view Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Hellerup, 21 February 2018
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no 33 77 12 31

Torben Jensen
State Authorised Public Accountant
mne 18651

Allan Knudsen
State Authorised Public Accountant
mne 29465

Glossary

ADC
Antibody-drug conjugate. Antibody with potent cytotoxic agents (toxins) coupled to it.

Antigen
Immunogen. A target molecule that is specifically bound by an antibody.

B-cell
White blood cell type also known as a B-Lymphocyte.

Bispecific antibody
An antibody in which the two binding regions are not identical, with each region directed against two different antigens or against two different sites on the same antigen.

BLA
Biologics License Application. A submission to apply for marketing approval from the U.S. FDA, which contains specific information on the manufacturing processes, chemistry, pharmacology, clinical pharmacology and the medical effects of a biologic product.

Breakthrough Therapy Designation (BTD)
A U.S. FDA program intended to expedite the development and review of drugs to treat serious or life-threatening diseases in cases where preliminary clinical evidence shows that the drug may provide substantial improvements over available therapy.

Clinical
Term used to refer to drugs that are at the stage of being investigated in humans to determine the safety and efficacy of the drug before it can be submitted for approval by regulatory authorities.

Cytotoxic
Toxic to living cells.

Epitope
The specific surface portion of an antigen to which an antibody binds. Upon binding of the antibody to the epitope an immune response is elicited.

European Medicines Agency (EMA)
European regulatory agency that facilitates development and access to medicines, evaluates applications for marketing authorization and monitors the safety of medicines.

U.S. Food and Drug Administration (FDA)
U.S. regulatory agency responsible for ensuring the safety, efficacy and security of human and veterinary drugs, biological products and medical devices.

Immunomodulatory agent
A type of drug used to treat certain types of cancers, such as multiple myeloma. Examples include lenalidomide and pomalidomide.

Lymphoma
Cancer of the white blood cells.

Marketing Authorization Application (MAA)
A submission to apply for marketing approval for a drug from the EMA.

Monoclonal
Derived from a single cell. Monoclonal antibodies derived from such single cell will be identical.

Monotherapy
Treatment of a medical condition by use of a single drug.

PFS
Progression free survival. The length of time a patient lives without his/her disease worsening.

Refractory
Resistant to treatment.

Relapsed
Recurrence of disease symptoms after a period of improvement.

Pre-clinical
Term used to refer to drugs that are at the stage of being investigated in the laboratory or in animals to determine the safety and efficacy of the drug before it is tested in humans.

Priority review
FDA designation used for drugs that, if approved, would be significant improvements in the safety or effectiveness of the treatment, diagnosis, or prevention of serious conditions when compared to standard applications.

Proteasome inhibitor
A type of drug used to treat certain types of cancer, such as multiple myeloma. Examples include bortezomib and carfilzomib.

Target
A molecule of potential interest against which an antibody is raised/created.

Transgenic mouse
A mouse carrying a transgene from a foreign species, typically a human, which transgene has been introduced into the replicating cells of the mouse, so the transgene is passed on to future generations/offspring of the transgenic mouse.

Forward Looking Statement

This annual report contains forward looking statements. The words “believe”, “expect”, “anticipate”, “intend” and “plan” and similar expressions identify forward looking statements. Actual results or performance may differ materially from any future results or performance expressed or implied by such statements. The important factors that could cause our actual results or performance to differ materially include, among others, risks associated with product discovery and development, uncertainties related to the outcome and conduct of clinical trials including unforeseen safety issues, uncertainties related to product manufacturing, the lack of market acceptance of our products, our inability to manage growth, the competitive environment in relation to our business area and markets, our inability to attract and retain suitably qualified personnel, the unenforceability or lack of protection of our patents and proprietary rights, our relationships with affiliated entities, changes and developments in technology which may render our products obsolete, and other factors. For a further discussion of these risks, please refer to the section “Risk Management” in this annual report. Genmab does not undertake any obligation to update or revise forward looking statements in this annual report nor to confirm such statements to reflect subsequent events or circumstances after the date made or in relation to actual results, unless required by law.

Design & Layout
Kontrapunkt

Photographers
Tuala Hjarnø, Torkil Stavdal, Lars Møller and Christian Hoyer

About Genmab A/S
Genmab is a publicly traded, international biotechnology company specializing in the creation and development of differentiated antibody therapeutics for the treatment of cancer. Founded in 1999, the company has two approved antibodies, DARZALEX® (daratumumab) for the treatment of certain multiple myeloma indications, and Arzerra® (ofatumumab) for the treatment of certain chronic lymphocytic leukemia indications. Daratumumab is in clinical development for additional multiple myeloma indications, other blood cancers, and solid tumors. A subcutaneous formulation of ofatumumab is in development for relapsing multiple sclerosis. Genmab also has a broad clinical and pre-clinical product pipeline. Genmab’s technology base consists of validated and proprietary next generation antibody technologies – the DuoBody® platform for generation of bispecific antibodies, and the HexaBody® platform which creates effector function enhanced antibodies. The company intends to leverage these technologies to create opportunities for full or co-ownership of future products. Genmab has alliances with top tier pharmaceutical and biotechnology companies. For more information visit www.genmab.com.

LEI Code 529900MTJPDPE4MHJ122

Genmab A/S
Kalvebod Brygge 43
1560 Copenhagen V
Denmark
T. +45 70 20 27 28

Genmab US, Inc.
902 Carnegie Center
Suite 301
Princeton, NJ 08540
USA
T. +1 609 430 2481

Genmab B.V. & Genmab Holding B.V.
Yalelaan 60
3584 CM Utrecht
The Netherlands
T. +31 30 2 123 123

www.genmab.com